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OUTSOURCING ACCOUNTABILITY? EXAMINING THE ROLE OF INDEPENDENT CONSULTANTS

HEARING

BEFORE THE

SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS AND CONSUMER
PROTECTION

OF THE

COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

ON

EXPLORING THE ROLE OF INDEPENDENT CONSULTANTS IN FINANCIAL REGULATION WITH A FOCUS ON THE USE OF INDEPENDENT CONSULTANTS BY THE OFFICE OF THE COMPTROLLER OF THE CURRENCY AND THE FEDERAL RESERVE BOARD

APRIL 11, 2013

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C O N T E N T S

THURSDAY, APRIL 11, 2013

WITNESSES

OUTSOURCING ACCOUNTABILITY? EXAMINING THE ROLE OF INDEPENDENT CONSULTANTS

THURSDAY, APRIL 11, 2013

U.S. SENATE,
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND CONSUMER PROTECTION,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Subcommittee convened at 10:11 a.m. in room 538, Dirksen Senate Office Building, Hon. Sherrod Brown, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Senator BROWN. The Subcommittee will come to order.

I thank Senator Reed and Senator Warren for joining us. Senator Toomey was planning to be here, is in the middle of negotiations with Senator Manchin on the gun safety issue and the background checks. I saw them all over television this morning. I know that it is ongoing. The vote is going to be at 11 o'clock, so we will—I am hoping Senator Toomey can still get here and others on that side of the aisle, but we think we should proceed. I know Senator Reed and Senator Warren have both stepped out for a minute, but their place will be reserved.

We will recess sometime between 11 and 11:15 for 15 minutes—I am going to keep it to 15 minutes—so I can go vote and come back. But we do not want to make any of the five witnesses, this panel or the second panel, wait any longer than they have to. But I wanted to thank you. And there will be opening statements, too, after I am done.

Thanks, all, for being here. This is our first Subcommittee meeting in this session of Congress, in the 113th Congress. Thanks for the cooperation of the minority and my staff, all of you, for the work that you did in the Senate, the full Committee staff, on helping on a fairly complicated hearing.

In the financial crisis and its aftermath, we have seen case after case of wrongdoing at financial institutions, from money laundering for terrorist groups to illegal foreclosures that devastated families, communities, and in many ways broke so many people's lives.

The rise in enforcement actions combined with the increased complexity of banks and bank regulation has led to an increase in the use of independent consultants. At the OCC alone, nearly one-third of their legal actions since 2008 have required banks to hire

an outside consultant to review their actions and to propose solutions. Some top consultants are staffed by scores of former regulators. We are reading more and more about that. And some have reportedly—some of these reports have said charges have been as much as $1,500 an hour. Because most consulting firms are private companies, there is little transparency about their business model to either the public or to Congress, leaving us to wonder about financial incentives, leaving us to wonder about business relationships.

Recently, we have heard about consultants hired at regulators' request to find and to fix illegal activity. In these few high-profile cases, they either miss serious problems or gave the banks a free pass.

It has come to my attention that one of seven consulting firms participating in the Independent Foreclosure Review, the IFR, was given formal written notice, quote, "of an opportunity to improve," unquote, their performance on more than one occasion. According to staff reports, there were multiple discussions between and among the consultant staff, including senior leadership, and OCC regulators. Yet the consultant in question had not cured its deficiencies at the time that the Foreclosure Review Settlement was announced.

In a January 28 letter of this year to me, Comptroller Curry recognized that, quote, "additional reporting will improve transparency and understanding of the IFR and the agreement," the settlement agreement. But the identity of this consultant has still not been made available to the Congress or to the American people.

This raises serious concerns about the ability of this consultant and others in the future to provide thorough work that will help impose or bring more accountability to our financial system. With so little information about these consultants and whom they report to, it is impossible for Congress and for the public to hold them accountable.

In the case of the mortgage review, the partnership between the public sector regulators and private consultants appears to have been poorly managed from the start. That is really the subject of this hearing. The apparent lack of uniform standards and clear procedures undermined any possibility of effective management of such a large and amazingly expensive and important endeavor.

We hope to clarify today this foggy relationship among private consultants and public regulators to better understand these arrangements, to identify ways to counteract the risk created by potential conflicts of interest and misaligned or badly aligned incentives. When you consider the potential for what James Kwak calls "cultural capture," also somebody at the Peterson Institute called it "cognitive capture," and the influence of the revolving door, bright line rules become even more important, become essential.

I want to thank Mr. Stipano for his suggestion that Congress should strengthen the OCC's authority to discipline rogue consultants. I agree that this is something this Committee should consider.

Thank you again for joining us. Senator Warren, your opening statement.

STATEMENT OF SENATOR ELIZABETH WARREN

Senator WARREN. Thank you, Mr. Chairman, and thank you very much for holding this hearing. Thank you, Mr. Stipano and Mr. Ashton, for coming here today.

Over the last few months, Congressman Elijah Cummings and I have requested documents from your agencies regarding the basic data and the processes of the Independent Foreclosure Review. We made 14 specific requests to you in January, and despite multiple letters back and forth and multiple meetings, you have provided only one full response, three partial or minimal responses, and no response to nine of our requests. You have provided little specific information on what the review actually found, such as the number of improper foreclosures, the amount and number of inflated fees, or the extent of abusive practices by each of the mortgage servicers.

So I am hoping in this hearing to give you an opportunity to provide us with some greater clarity than you have thus far offered in our meetings and our correspondence. Thank you.

Senator BROWN. Thank you, Senator Warren.

I would like to introduce the first panel. Daniel Stipano is the Deputy Chief Counsel at the Office of the Comptroller of the Currency. He supervises the OCC's enforcement and compliance litigation, community and consumer law, and administrative and internal law divisions. He also represents OCC on the Treasury Department's Bank Secrecy Act Advisory Group and the National Interagency Bank Fraud Working Group.

Richard Ashton is the Deputy General Counsel for the Board of Governors at the Fed. He has supervised litigation enforcement and system matters since 2006. He has primary responsibility for litigation and formal enforcement activities of the agency.

Mr. Stipano, if you would begin. Keep it to 5 minutes, because we will almost certainly do multiple rounds of questions for both panels, so if you could stay close to 5 minutes. Thank you.

STATEMENT OF DANIEL P. STIPANO, DEPUTY CHIEF COUNSEL, OFFICE OF THE COMPTROLLER OF THE CURRENCY

Mr. STIPANO. Thank you, Chairman Brown, Senator Warren. Thank you for this opportunity to discuss the OCC's use of articles and enforcement documents that require banks to retain independent consultants.

It has been our longstanding practice to use such articles in appropriate cases. The purpose of requiring banks to retain independent consultants is to provide expertise and resources to assist banks in correcting unsafe or unsound practices and violations of law identified through our supervisory process. Their work has resulted in the correction of operational and management deficiencies, led to the filing of thousands of suspicious activity reports in Bank Secrecy Act cases, and facilitated the payment of hundreds of millions of dollars in restitution to bank customers in cases involving unfair or deceptive practices.

There are a number of reasons why we may require a bank to retain an independent consultant. First, independent consultants have subject matter expertise that the bank does not. This is particularly true with respect to community banks. The consultants can apply their knowledge and experience to focus on the super-

visory issue, identify its scope, and work with bank personnel to correct violations and unsafe or unsound practices.

Second, independent consultants can provide the resources necessary to correct problems in a timely manner. Once again, this is particularly helpful to community banks, which sometimes do not have sufficient resources to do so.

Finally, independent consultants are, as the name suggests, independent from the operational area that needs to be reviewed or enhanced. Thus, rather than having the bank review itself, the OCC may require the use of a third party as a fresh pair of eyes to assess the scope of the problem and the remedy. In all cases, however, it is the OCC's job to determine whether the bank's corrective actions are sufficient.

Independent consultants have been particularly effective in ensuring that banks address significant management and operational deficiencies. For example, in a sizable number of cases, when supervisory concerns have arisen concerning the ability of bank management to perform an accurate review of the quality of a bank's loan portfolio, the OCC has ordered the bank to retain an independent consultant to conduct a review of asset quality until such time as the bank develops and implements an internal asset quality review system that is demonstrated to be effective.

Similarly, in cases in which there are questions about the accuracy of a bank's books and records, the OCC has required the institution to retain an auditor to review those records to assess their completeness and report on any deficiencies. The OCC has also ordered banks to retain independent consultants to perform annual reviews of methods used by banks to establish an allowance for credit losses. The OCC has required similar engagements by bank management to address deficiencies in a variety of other circumstances involving, for example, real estate appraisals, compensation, internal controls, and information technology systems.

The majority of these cases is concentrated in community bank enforcement actions and reflects the fact that those institutions often have the greatest need for expertise and resources that an independent consultant can provide. However, we have used independent consultants in cases involving institutions of all sizes. In all of these cases, the OCC considers the qualifications of the firms or individuals proposed for each engagement, and we do not permit the bank to retain consultants we believe are unqualified or have conflicts that would compromise the objectivity of their work. The OCC also oversees and monitors the work of the consultants through our supervisory process and we validate the results to ensure that the violations or practices that were the basis of the enforcement action have been corrected.

The circumstances in which we used independent consultants in the Independent Foreclosure Review differed substantially from the typical case. The unprecedented breadth, scale, and scope of the reviews, the large number of institutions, consultants, and counsel involved in the process, and the complexity of the reviews, which involved hundreds, if not thousands, of individual decision points for each file distinguished the IFR from the normal type of file review that is conducted by independent consultants. It also required an unprecedented level of regulatory oversight and coordination.

This oversight included the issuance of guidance, examiner visitations to the locations of the consultants, and daily communications among consultants, servicers, and the OCC throughout the process.

While the use of independent consultants has generally served the agency well in terms of accomplishing our supervisory objectives, we believe there are lessons to be learned from our experience and we are currently evaluating our use of independent consultants and exploring ways to improve the process.

Thank you, and I would be happy to answer your questions.

Senator BROWN. Thank you, Mr. Stipano.

Mr. Ashton, thank you. Please proceed.

STATEMENT OF RICHARD M. ASHTON, DEPUTY GENERAL COUNSEL, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. ASHTON. Chairman Brown, Senator Warren, thank you for the opportunity to testify regarding the required use of third-party consulting firms in Federal Reserve enforcement actions.

At the outset, it might be helpful to point out that regulated banking organizations routinely choose to retain consultants for a variety of purposes, apart from any supervisory directive by regulators to do so. Banking organizations decide to retain consultants because these firms can provide specialized expertise, familiarity with industry best practices, and a more objective perspective in staffing resources that the regulated organizations do not have internally.

In the vast majority of Federal Reserve enforcement actions, the organization itself is directed to take the necessary corrective and remedial action. In relatively infrequent circumstances, the Federal Reserve has required a regulated organization to retain a consultant to perform specific tasks on behalf of that organization. Importantly, consultants are used to conduct work that ordinarily the organization itself would be required to conduct, but has shown that it cannot perform itself.

At all times, the Federal Reserve retains authority to, and does, review and supervise the consultant's work, in the same manner as if the organization conducted the work directly. In all cases, the regulated organization and not the consultant is itself ultimately responsible for its own safe and sound operations and compliance with legal requirements. In deciding to require the use of consultants in appropriate cases, the Federal Reserve does not cede its regulatory responsibilities or judgments to those consultants.

As a general rule, our enforcement actions may require the use of consultants because of a lack of specialized knowledge or experience or insufficient resources at the particular organization. In addition, it may be necessary to have a third party undertake a particular project because a more objective viewpoint is required than would be provided by the organization's management. Thus, we have required the use of consulting firms to review and report on a specific area of operations, to review prior transactions to determine whether required reports were filed, and to administer consumer remediation programs.

When enforcement actions require a regulated banking organization to use a consultant to carry out a particular function, the Fed-

eral Reserve oversees the organization's implementation of this directive. Our standard practice is to require approval of the particular consulting firm retained by the organization. In making this decision, we look at the consultant's expertise, experience, resources, capacity, and separation from management. We also normally require approval of the letter between the organization and the consultant describing the scope, terms, and conditions of the particular engagement. Finally, we also oversee the consultant's performance during the course of the engagement, which can involve obtaining and reviewing interim progress reports and periodic meetings with the consultant. If a consultant is not meeting the required standards of performance, then we direct improvements where necessary.

I would be pleased to answer any questions from the Committee.

Senator BROWN. Thank you, Mr. Ashton. Thank you, both of you, again, for staying around 5 minutes. I appreciate that.

Mr. Stipano, I appreciate your testimony. I said in my opening statement that one consultant participating in the IFR was doing substandard work. When a consultant fails to meet its obligations under a consent agreement, that information should be disclosed so that—my belief—so that we can be assured that consultants are up to the task. Will you tell us—you have not disclosed that yet—will you tell us the name of the firm in question?

Mr. STIPANO. Senator, I am not in a position to do that. It is a longstanding policy of the OCC not to disclose confidential supervisory information to individual Senators or Congressmen. There are certain legal consequences for us if we do that. There are also processes that are available and that we follow to provide confidential supervisory information to Congress in the exercise of its oversight functions.

Senator BROWN. So how does—OK. I want to talk more about that process, but how does disclosing the identity of an underperforming, I guess is the best word, consultant, the third party, prove harmful to the relationship between the OCC and the banks that you regulate?

Mr. STIPANO. Well, there are a number of things. I think that, in general, to the extent that we are talking about confidential supervisory information, it is a fundamental premise of the whole bank supervisory process that we get to have access to all the bank's books and records. We get to see whatever we want. We get to form whatever supervisory conclusions that we form and then take appropriate action. And we are still in the process of doing that with respect to the IFR and the IFR settlement. We are kind of in mid-stream.

If we were to depart from that, there are consequences that could undermine a supervisory process. It could make institutions less willing to be forthcoming with us during examinations. And to the extent that we are contemplating actions, whether it is against an institution or an independent contractor, were we to disclose that while we are still in the middle of a process, that could potentially affect the action that we ultimately take.

There is also a legal issue concerning the waiver of the bank examination privilege. Courts have recognized that there is such a privilege, that the opinions of examiners, their mental processes,

the iterative process between examiners and between banks is all protected and is something that we are not required to disclose. If we voluntarily disclose privileged bank examination material, then we waive the privilege as to the world.

Senator BROWN. There is a bigger issue, and we are not probing every detail of that relationship. I mean, there is a bigger issue here. There is, first of all, the most important thing, the fragility of the financial system that Americans, as responding to what Senator Vitter and I and Senator Warren and a number of us are doing. We hear all the time that Americans still do not have confidence in the stability of this financial system, and taxpayers have not gotten a whole lot out of this settlement so far. Homeowners are getting an average of about $300. And you have information about a consultant that might be hired in the future in a perhaps perilous situation and the people hiring that consultant might not know of its failures. So does not the public interest outweigh that——

Mr. STIPANO. I think it does——

Senator BROWN.——knowing who it is, not with all the details of what necessarily went wrong, depending on what that consultant wants to say at that point.

Mr. STIPANO. I think it does, and we do intend to—we have issued some public reports on the IFR to date. We intend to issue more of them. Again, we are kind of in mid-stream in the process right now. I mean, we are wrapping up the IFR. We still have a couple of institutions that are still conducting the IFR. Plus, we are trying to implement the IFR settlement. So we do anticipate doing public reporting.

We are also still in an evaluative phase. I am not really sure at this point what the message would be, and part of our evaluation is to take a look at the conduct of the servicers themselves and take a look at the consultants and then form conclusions. We are still doing that.

Senator BROWN. OK. We expect that. I mean, I know that you announced and removed Allonhill and other consultants, so there is some precedent. We will get to that. Let me do one more question then turn it to Senator Reed.

Given that the regular consulting business is lucrative, and we have seen certainly examples of this in this situation, consultants have a financial incentive to do things that will attract repeat business, and the largest banks have deep enough pockets to use these consultants on a pretty regular basis. Independent consultants provide a quasi-public function. It is a peculiar function, obviously, as you know, because they are paid by the banks, but they are doing work supposedly in the public interest. I think it is useful for us to understand this compensation structure.

My comments and this question is this. Understanding there are concerns in the case of the IFR with one consulting firm—I will not mention it, but one—to disclose bank-specific compensation information—in other words, they only did one bank, so that might violate the bank's proprietary knowledge there—do you consider a consulting firm's compensation in a given matter to be confidential supervisory information? In other words, would you be comfortable

with public disclosure of firms' compensation, both in the IFR and on an ongoing basis?

Mr. STIPANO. I do not consider the disclosure of the compensation received for an engagement to be confidential supervisory information unless the disclosure would reveal examination techniques, examination strategies, the iterative process between examiners and the bank.

Senator BROWN. So at some point, we will know what each of these seven firms was paid?

Mr. STIPANO. It is not the OCC's role to have to approve or disapprove the disclosure of that information.

Senator BROWN. Two of the consultants—and this is what makes me especially curious. We know that these seven firms were paid somewhere upwards of $2 billion, which was more than one-fifth of the settlement. That speaks of, did that money come out of the settlement? Put that aside for a moment. What is particularly curious, two of the consulting firms have told us that the engagements, they thought, would generate between $5 and $8 million—$5 and $8 million. When all was said and done, a firm at the lower end could conservatively have made $200 or $300 million. You just take $2 billion and you divide it by seven and you have a number 25 or 30 times the $5 to $8 million.

I assume that consultants regularly provided you with status reports that included their compensation, correct? You got regular reports how much money they were spending?

Mr. STIPANO. We are knowledgeable about the compensation, yes.

Senator BROWN. So at what point—when a couple of firms said $5 to $8 million that this would cost, at what point did you realize there might be a problem with the IFR process? Did it occur to you that when the number exceeded $50 million there might be a problem, or when it reached $100 million or $500 million or a billion? When did you think there might be a problem?

Mr. STIPANO. OK. I do not think that that decision was driven by the amount of money being paid to the consultants. When we created the IFR—and just by coincidence, the Consent Orders that started this whole process were issued exactly 2 years ago, and the IFR itself has been in place for more than a year—what we were trying to do was to set up a process that would allow the institution, with the assistance of the IFR, of the consultants, to identify borrowers who were financially harmed by the servicers' wrongdoing. And then once they identified them, the Consent Orders required the servicer to come back to us with a plan, subject to our approval, to remediate the harm, to pay compensation to the affected customers.

I think that the OCC and the Fed greatly underestimated the complexity of the task. The number of the institutions involved, the number of consultants involved, the number of borrowers involved, the sheer number of decision points, which I am told are in the hundreds if not the thousands per file, shifting legal requirements, compliance with 50 State laws, compliance with HAMP guidelines, GSE guidelines, it was inordinately complex and we did not fully appreciate that. It seems easy now. It was not at the time.

And the best proof of that, if you go back and look at the Consent Orders, we gave the servicers 120 days to get this done, which is

astounding. I mean, we were into it for more than a year and we were nowhere near done.

So notwithstanding all that, we were committed to making this work. We did make adjustments along the way. We wanted to see this be successful. But as we were getting to the point where we were up to a year, we were past a year, and no checks were going out to any borrowers, nor did it appear that many checks would be going out to any borrowers any time soon, we felt like there had to be a better way to do this, and that is what really prompted the IFR settlement.

I am not here to tell you that it is a perfect process, what we have done, but the goal behind it, and what we have done and what we are going to achieve starting tomorrow, is to quickly get cash into the hands of the affected borrowers, and that was something that was not happening under the IFR.

Senator BROWN. Did any of these consultants, any of the seven come to you and say they had concerns about the rate at which the costs were growing, or did anybody on your staff? I mean, I just cannot imagine when you thought 120 days—and I understand people make misjudgments, but 120 days—you are saying 120 days, they are saying $5 to $8 million. When it goes way beyond earlier than the 120, you were beginning to see this is tens of millions, hundreds of millions, did these consultants, did any of them say that they had concerns about the rate it was growing?

Mr. STIPANO. I think, as with the regulators, the consultants were doing their very best to try to follow the guidance and the direction that they were getting from us. There were lots of problems and hurdles that arose along the way that slowed the process down, all of it really going to the complexity of the task. And, up until the time when we decided to settle the matter and not continue the IFR, we were still all committed to trying to make it work.

Senator BROWN. Let me ask one more question and then turn to Senator Reed. Were the fees paid by the banks, the two-point—upwards of $2 billion—was that considered in setting a settlement amount to be paid by those banks? In other words, did that amount, that $2 billion, result in less compensation for borrowers?

Mr. STIPANO. Not at all. We required——

Senator BROWN. How do you know that?

Mr. STIPANO. As part of the settlement, we required the servicers to set up a Qualified Settlement Fund and to put money into that, and all of the compensation that goes to the borrowers is coming out of the fund. The amounts that they have paid to the consultants is not a factor.

Senator BROWN. And when was that determined, when the fund—the size of the fund?

Mr. STIPANO. It was negotiated toward the end of last year, the beginning of this year.

Senator BROWN. But if you are the bank and you have realized you have spent, pick a number, $328 million or $90 million——

Mr. STIPANO. Yes.

Senator BROWN.——on paying Consultant X, do you not think that affected their negotiations on how large a settlement it would ultimately be?

Mr. STIPANO. I cannot speak for the banks——

Senator BROWN. How do you know that it did not, is the better question.

Mr. STIPANO. I do not know that it did not, because I cannot get inside their head. We had certain goals in mind in terms of negotiating to an amount that we thought would be sufficient, and we did not factor in the amount that they were paying to the consultants.

Senator BROWN. OK. Senator Reed.

Senator REED. Thank you, Mr. Chairman.

I have still the same question that I had about a year ago when this issue came up. I think, Mr. Stipano, you said it, that basically the core of this issue is financial harm to borrowers because of the wrongdoing of banks, not because of just the economy moved and they were unfortunate.

Mr. STIPANO. Yes.

Senator REED. That seemed to me the essence of what the OCC and the Federal Reserve, their responsibility as regulators. So why would you delegate that responsibility, effectively, to consultants who did not have a relationship with you, had a contractual relationship with the bank——

Mr. STIPANO. Yes.

Senator REED.——why?

Mr. STIPANO. Well, we thought it was the best alternative. There is clearly——

Senator REED. Do you still think it is the best alternative?

Mr. STIPANO. No. I think if we had it to do over again, we would take a different approach.

Senator REED. You will have it to do over again. So what today is the policy of the Office of the Comptroller of the Currency with respect to investigating wrongdoing of banks? Is it to hire, augment your staff with a contractual relationship with these consultants directly?

Mr. STIPANO. Yes.

Senator REED. Or is it to let the banks pick their favorite consultant?

Mr. STIPANO. Well, there are a number of alternatives. All of them have different pros and cons. The problem with having the OCC do this work itself is that it is just beyond the means of any Federal banking agency to do this. I mean, again, the size, the scale, the scope, the complexity. It is not a question of bringing on some more examiners. We would probably have to triple or quadruple the size of our staff or pretty much shut down our bank supervision operations. That is not an option.

We could contract directly ourselves. The problem that we run into there are Federal procurement rules and Federal procurement requirements. These types of engagements have to be competitively bid. In this kind of an engagement, where there is a lot of money at stake, there would be a lot of interest among many consultants in getting that business, so we would expect there would be lots of bids. There would be contests and challenges. We might still be at a point now where we have not even begun the IFR because we are still going through the procurement process. So we felt that was too unwieldy and not a good option.

And the only other option would be to have the banks themselves do it, but they were the ones that caused the problem in the first place.

So given the alternatives, we felt that this was the best option. I think there are different approaches that we could have taken that we did not take in the design of the problem. And what we are doing right now, and I have to be honest with you, Senator, I do not have all the answers as I sit here, but we are looking back at what we did. We are evaluating it and we are going to come up with ways to do this better in the future.

Senator REED. So your bottom line was because it had to be competitively bid, you felt that was not the appropriate approach.

Mr. STIPANO. Yes, and maybe that——

Senator REED. And——

Mr. STIPANO.——and I am not an expert on Federal procurement rules, but we have experts in my agency that we consulted with, and the advice that we were given was that if we were to go down that road, the process would go on for a very, very long period of time and it would delay getting money into the hands of the affected borrowers.

Senator REED. Unlike the process you chose, which is going on for a long time, has not gotten a lot of money into the borrowers, and has been deemed a total failure.

Mr. STIPANO. That process did not work, either.

Senator REED. Yes. So I think you have got to have a new process, and I think if the process requires modification of Federal rules and regulations, that is something that the OCC and the Fed should immediately demand of us.

Mr. STIPANO. OK.

Senator REED. Because, essentially, what you described, what is the core activity of the OCC, stopping the wrongdoing of regulated institutions and protecting consumers, I mean, among safety and soundness, so those are sort of the three critical issues. And if you do not have the statutory framework to do that effectively, you have got to tell us, one.

But two, I would go back very strongly, because that is some of the shibboleth around here. Oh, competitive bidding is so difficult, *et cetera.* There are contests. Every major sort of program in the Federal Government usually has an aspect of competitive bidding, and yet it gets done. So I would suggest that you adopt a policy immediately that you are not going to rely upon bank-selected or regulated-selected consultants, that they will be directly hired by the OCC.

To raise an issue, and I want to raise the same question with the Fed, is that I would presume that because they were able—they did, in fact, conduct contractual relations with—those contracts were drafted and approved by the institutions, and I would assume that the obligations of the consultants were primarily to the person they had the contract with, not the OCC.

Mr. STIPANO. No, I do not think that is accurate. We did require that the contracts be submitted to us for our review and we directed the servicers to put language into the contracts that made it clear that the independent consultants were acting pursuant to our direction, not the servicers.

Senator REED. In reality, did the independent consultants act at your direction?

Mr. STIPANO. I believe so, yes.

Senator REED. Can you provide us documentation to that effect?

Mr. STIPANO. I do not know if there is documentation. We would be happy to discuss it with your staffs.

Senator REED. Let me ask the Federal Reserve, because you have a slightly different legislative structure. Do you feel that you had to retain consultants through the banks and not directly hire them by the Federal Reserve?

Mr. ASHTON. Senator, when we set up the process with the OCC, we started out with the model that Mr. Stipano has described, and we had had a history of requiring banks to retain independent consultants to do certain discrete tasks, like find situations where a suspicious activity report had to be filed. And I think we thought at the time that that model could be adopted for something as extensive as this. What we found out in practice was that the scope of the review—that independent consultants had to find every single injury—was so extensive and time consuming that the model was just not effective. And that is why we decided to change it.

Senator REED. But let me ask you a question. Does the Federal Reserve have the authority and the resources to contract directly with the appropriate consultants to conduct reviews of banks or financial holding companies in which you select the contractor, they have a contractual obligation directly to you, not through a third party? Do you have that authority?

Mr. ASHTON. Senator, I think if we were going to do this again, we probably would have to consider different types of models and that would be one model.

Senator REED. I——

Mr. ASHTON. I do not think we have looked into the authority question.

Senator REED. Well, I would suggest you look into the authority question, and I would suggest that both the OCC and the Federal Reserve adopt that approach. It seems to me there is this inherent—and you are talking about people who are professionals on both sides. But there is an inherent conflict between hiring your inspector or having your inspector come from the Federal Government, even as an augmentee through a contract. And that tension is always going to be there, even if it is a different context. And I just think to delegate the way you did an essential regulatory function by essentially asking the banks to choose their inspector just does not work and will not work.

And if there are authorities you need, and I am very—the Fed has such expansive authorities, I would be shocked—because I would like to see the competitive bidding that you have done in the past on lots of issues. I would be shocked if you needed the authority. But that seems to be the lesson of this. We can go back and do—and we will—the post-mortem on how it happened and what you are going to do to fix it. But going forward, I think that is the lesson that has to be drawn.

Mr. Chairman, I thank you. I think this is very important. Do you have——

Senator BROWN. Yes, I am going to go, and then Senator Warren will be back and we will do a second round.

Thank you for your insight into Senator Reed's questions. You talked about an inherent conflict, and the underlying problem here is, I think, pretty clear. There is the independence. There is the qualifications of these consultants. And let me kind of take it in a different way.

Do your agencies have clear, objective, independent standards—independence standards for these consulting firms? These firms, these seven firms, most of them have done, obviously, a lot of work with OCC, with the Fed, and more directly with the banks. Does OCC have clear, objective standards for these consulting firms, and share them with us if you do.

Mr. STIPANO. The critical factor in our minds, first and foremost, is that any consultant that is brought on have the right resources and expertise to do the job. I mean, that is separate, really, from independence, but nonetheless very important.

On the independence point, it is not realistic in most cases to expect that independent consultants would have no prior ties to the institution. I mean, they are used so widely throughout the industry that most consultants that have the resources and the expertise have done work before. So trying to find consultants that are totally pristine in that regard is not really practicable.

However, what we do look for are situations where, because of prior work, the consultant is conflicted in such a way that it could compromise their objectivity. And on the IFR, there were a couple of factors, in particular, that we were focusing on. The one was if the consultant had done work before such that by taking on the IFR engagement, they would essentially be reviewing or re-reviewing their own work, that was something that we would consider to be disqualifying.

And, similarly, if the consultant was involved in an advocacy role, like if they were involved, for example, in negotiating with us on the cease and desist orders or negotiating with the State Attorney Generals on the National Mortgage Settlement, we would consider that to be disqualifying. And we did disqualify some of them on those grounds.

Senator BROWN. We are not—you used the word "pristine." We do not expect pristine here. That sounds——

Mr. STIPANO. I——

Senator BROWN.——too difficult. But we do expect, I think, clearer standards in what "qualified" means. For instance, if a consulting firm, and there is one in this situation, has repeatedly been, for lack of a better term, at the scene of a crime, what would it take before they are viewed as not qualified? What if they—for instance, what if they underestimated the value of an institution's money laundering transactions by $250 billion or presented watered-down reports to regulators? That would not be enough for disqualification under your standards?

Mr. STIPANO. Well, again, I think you have to look at the total context, but I do believe this is an area where there are lessons to be learned for us and we are committed to exploring ways to do better. Maybe that results in some kind of written standards. We

do not presently have them. But I think this is an important area and we are committed to doing a better job.

Senator BROWN. Has there been a process started to write these standards?

Mr. STIPANO. I think we are still in an evaluative phase, but I think the goal is to have——

Senator BROWN. Well, wait. You are in an evaluative phase. This is not just the IFR. This is since 2008——

Mr. STIPANO. Yes.

Senator BROWN.——the number of——

Mr. STIPANO. I know.

Senator BROWN. You are still in an evaluative stage on whether you are going to write standards——

Mr. STIPANO. No, we——

Senator BROWN.——for the future?

Mr. STIPANO. No——

Senator BROWN. You are evaluating the other, but before you begin to write these standards?

Mr. STIPANO. I think that, to a certain extent, the standards that get produced will be informed by our experiences with the IFR. We still need to wrap up the IFR and discern what those lessons learned are.

Senator BROWN. Since you are—I mean, understanding you have to farm out many things because of consultants and the size of OCC, but can you not sort of process all of this evaluative IFR and other consulting at the same time another part of OCC starts to write these standards of what "qualified" means?

Mr. STIPANO. It is—we are at a beginning stage. We have not really reached a point of putting pen to paper.

Senator BROWN. I hope that point starts this afternoon.

One other question about that and then I will turn to Senator Warren. Alan Blinder, a founder and, I believe, still director at Promontory—this is according to Bloomberg—said that the foreclosure reviews were, quote, "outside Promontory's sweet spot, requiring the firm to hire hundreds of people." It has been reported they did not just—and I will, of course, direct this question to the second panel and give them a chance, give the gentleman from Promontory a chance to speak to this. But it has been reported they just did not outsource outside the firm, they went outside the country to the Philippines, which I would think would have a major impact on their dollar per hour charge of Promontory, and I would like information on that later, too.

But how does a firm with so little capacity—and my understanding is Promontory was probably the largest, but certainly a large chunk of the $2 billion—how does a firm with so little capacity acting in an area that is outside their traditional expertise—Blinder's words—how does it wind up with the most responsibility under this process? What does OCC—what is the process of OCC to take a firm that this is not in their sweet spot and award them contracts, arrangements, that go into the hundreds and hundreds and hundreds of millions of dollars?

Mr. STIPANO. Well, I would start by just saying the entire IFR process was unprecedented, unlike any situation we had ever encountered before. I think one reason why we put in our Consent

Orders that it had to be done in 120 days is that we, perhaps naively, looked at it as a file review and we direct banks all the time to hire consultants to do a file review. This proved to be much more than that.

I am not intimately involved in the details of Promontory's engagement, and I cannot really speak to that. I do know that they hired—they themselves hired large numbers of consultants—or consultants, contractors—to assist in their portion of the IFR. And given the enormity of the task, that does not seem inappropriate.

Senator BROWN. Thank you.

Senator Warren, I have done a second round. You can sort of take two rounds at once. I think probably the vote will be called, so why do you not proceed as long as we can go until the vote is called.

Senator WARREN. Thank you very much, Mr. Chairman.

I apologize for having to leave. I had the distinct honor, though, of being able to introduce Gina McCarthy for her hearing to head up the Environmental Protection Agency. She is a proud daughter of Massachusetts and so I wanted to be there to be able to do it.

So I want to turn to another aspect of the Independent Foreclosure Review. Earlier this year, your agencies entered into a settlement with the mortgage servicers based on their foreclosure practices and the settlement was for about $9 billion. And at that time, your agency said that they achieved this number, arrived at this number, based at least in part on the fact that servicers had made mistakes or broken the law in about 6.5 percent of the cases.

Now, I assume if you had believed that the banks had broken the law in 90 percent of the cases, that you would have settled for a much larger amount of money and that the homeowners would have been paid more, and that if you had found that they broke the law in only 1 percent of the cases, that you would have settled for less money and the homeowners would have been paid less. Is that basically right, Mr. Ashton?

Mr. ASHTON. Senator, at the time the Board accepted the settlement with the servicers, we had some preliminary error data. It was preliminary. We also had other data available——

Senator WARREN. Oh, I understand that.

Mr. ASHTON.——and it was only one of the factors that we took into account in deciding whether——

Senator WARREN. I understand. But the question I am asking is if you had believed at the time you were putting the settlement together that, in fact, the banks had broken the law in more than 90 percent of the cases, presumably, you would have settled for a lot more money, is that right?

Mr. ASHTON. I think that the error rate was a factor. It was not the only factor.

Senator WARREN. OK. It is the only factor [sic], but it certainly would have mattered if you thought that the banks broke the law 90 percent of the time as opposed to, say, 6.5 percent of the time.

Mr. ASHTON. That is true, but there were other factors that led the Board to accept the settlement, especially the delay that would have been involved——

Senator WARREN. Fair enough. I understand the delay. But it matters how many homeowners were the victims of illegal practices

by the banks in terms of determining the settlement amount, does it not?

Mr. ASHTON. The approach that was taken in the settlement agreement is focused on trying to get cash to the borrowers as quickly as possible.

Senator WARREN. But the question is not getting cash to them, $300. The question is getting the right amount of cash to the right people, the people who are the victims of illegal activities of the banks, is that right?

Mr. ASHTON. The settlement agreement is not based on findings of individual injury. It is a different approach. We gave up looking for individual injury and decided——

Senator WARREN. So, I read your press release at the time that this came out, and you said one of the things that your agency and the Federal Reserve said is that the banks had broken the law or made errors in approximately 6.5 percent of the cases. And my question is, if you had found that they had broken the law in 90 percent of the cases, would you have demanded more money from the banks?

Mr. ASHTON. It would have been a factor, I believe, but——

Senator WARREN. I will take that, then, as a "yes," because what I take it to mean, since you used it in your press release and since it is relevant to how much money the people who have been injured are going to get, that the number is critical. It tells us how much illegal activity there was and how much the banks should pay.

The problem is that the 6.5 percent is not accurate. Your staff admitted to us in a meeting earlier this week that the number is not based on a random sample, not on a review of these cases. It was determined based on whatever files had been reviewed by the time you shut down this process.

And then it gets worse on the numbers. A week after announcing—a few weeks after announcing the settlement, your agency revised the 6.5 percent number down to 4.2 percent. The Wall Street Journal reported that the error rate, that is, the rate of breaking the law, was—or making mistakes—was 11 percent at Wells Fargo, 9 percent at Bank of America, and there are reports that the error rate at JPMorgan Chase was only six-tenths of 1 percent. In other words, the 6.5 percent number was just a made-up number.

So Congressman Cummings and I have asked for information about how you came up with the number. We still do not have enough facts to check it. But the question I have is, what is the right number? Is it six-tenths of 1 percent? Is it 6.5 percent? Nine percent? Eleven percent? Twenty percent? Fifty percent? Ninety percent?

If you cannot correctly tell how many people were the victims of illegal bank actions, how can you possibly decide how much money is an appropriate amount for settlement?

Mr. ASHTON. Senator, I can only reiterate that the decision that was made to accept the agreement, and we recognize that that was not a perfect option, was based on the delay that would have been involved in any alternative to continue the Independent Foreclosure Review.

Senator WARREN. Mr. Ashton, I am sorry. I understand the point about delay, but it does not mean you pick a number out of the air.

The number has to be based on at least some understanding of how often the banks engaged in illegal activity and how many homeowners got hurt. And you needed some way to estimate that to come up with a number. Is that not right?

Mr. ASHTON. To estimate the number with more precision would have required additional delay in providing payments, and so the decision was made not to go down that course, not to continue the Independent Foreclosure Review, which we could have done, and instead to accept a settlement which resulted in payments to borrowers in a much quicker timeframe.

Senator WARREN. Mr. Ashton, I cannot believe that you are saying that the only reason the number $9 billion was settled on was so that it could be done quickly, and that you are saying that the OCC did not have an estimate in mind of how many banks had broken the law and how many homeowners were the victims of illegal activities.

Mr. Stipano, is that the case for the Federal Reserve Bank, as well?

Mr. STIPANO. Senator, I am not an expert on the IFR settlement. I was not directly involved in it. I can answer general questions, and I will do my best to do that.

My understanding is that, when it comes to the error rate—I do not really know how it was calculated, to be honest. There are people in the agency who do. They are not here. I do believe that we did review a substantial number of files——

Senator WARREN. I am sorry. Mr. Stipano, we met with your staff.

Mr. STIPANO. Yes.

Senator WARREN. And your staff has made clear you did not review a random sample.

Mr. STIPANO. No, it was not a random sample——

Senator WARREN. And without a random sample——

Mr. STIPANO. No——

Senator WARREN.——can you then generalize to the accurate number, even an estimate, of how many banks broke the law?

Mr. STIPANO. Not—my understanding is not in a statistically valid way. However——

Senator WARREN. OK. That is no.

Mr. STIPANO. But can I finish, though. I do think that the review of 100,000 files plus is not valueless. I mean, it does inform your decision to some extent.

Senator WARREN. So you are telling me it is not a random sample, but you think you know something.

Mr. STIPANO. It has some value. That is a fact.

Senator WARREN. And what is it that you know, since we have seen different numbers reported——

Mr. STIPANO. I am assuming that is where the error rate came from, but I am only assuming, Senator. I was not involved in——

Senator WARREN. So if we are to draw an inference from those 100,000 files, it seems to me we need more information about the 100,000 files, that is, how they were drawn and how much illegal activity was found in those files. Is that accurate?

Mr. STIPANO. I think that is accurate.

Senator WARREN. So far, you have not given us that information.

Mr. STIPANO. Yes. As I stated earlier, Senator, there are processes for us to provide confidential supervisory information to Congress in its oversight capacity and we are prepared to follow those processes.

Senator WARREN. So let me just make sure I understand this completely. I want to know on a bank-by-bank basis the number of families that were illegally foreclosed on. Will you give me that information?

Mr. STIPANO. Eventually, we are going to issue a statement to the public where we provide additional information, but if we go through the processes that I described previously, we can share it to Congress in its oversight capacity.

Senator WARREN. So you are saying you will make that information publicly available?

Mr. STIPANO. I did not say that. I said that we are planning on issuing a public statement that wraps up the IFR that provides additional information——

Senator WARREN. That is not what I am asking for.

Mr. STIPANO. Yes.

Senator WARREN. What I am asking for is a bank-by-bank analysis of how many families they illegally foreclosed on. Will you give us that information?

Mr. STIPANO. We can provide that to Congress in its oversight capacity if we go through the normal processes that we are prepared to follow.

Senator WARREN. And why are you not making that public? I just want to make sure I understand.

Mr. STIPANO. I do not know that there has been a decision not to. I think that we are still evaluating——

Senator WARREN. Are you claiming——

Mr. STIPANO.——what we are going to release publicly.

Senator WARREN. Are you claiming that the information about illegal activity is privileged and confidential?

Mr. STIPANO. It is all confidential supervisory information, but that does not mean that we will not at some point release some of that information. That decision just has not been made at this point.

Senator WARREN. So you are saying, when you find evidence of illegal activities——

Mr. STIPANO. Yes.

Senator WARREN.——by the banks——

Mr. STIPANO. Yes.

Senator WARREN.——when they have illegally foreclosed-——

Mr. STIPANO. Yes.

Senator WARREN.——against homeowners, that that information is privileged and you will not release it without a letter from Congress.

Mr. STIPANO. If it is derived from the bank examination process, yes, it is——

Senator WARREN. How else would you get it?

Mr. STIPANO. Well, sometimes you get information through third parties, through outside sources. But in this case, that is not the case.

Senator WARREN. So unless someone throws a rock through the window with this information tied to it, you will not release it, is that what you are saying?

Mr. STIPANO. To the extent that the information is confidential supervisory information derived from the exam process, it is subject to privilege. We do not ordinarily make that public. However, in this case, we do plan on making public issuances describing further findings and further analysis of the process.

Senator WARREN. On a bank-by-bank basis of illegal activity?

Mr. STIPANO. I do not know if that has been determined yet.

Senator WARREN. All right. So let me ask it from the other point of view. You now have evidence in your files of illegal activity, I take it, for some of these banks. I get that from the evidence you have released about the charts, who is going to get paid what. So if someone believes that they have been illegally foreclosed against, will they still have a right under this settlement to bring a lawsuit against the bank?

Mr. STIPANO. Yes.

Senator WARREN. All right. Now, if a family wants to bring a lawsuit—you are both lawyers—would it be helpful, if you are going against one of these big banks, would it be helpful for these families to have the information about their case that is in your files? Mr. Ashton?

Mr. ASHTON. It would be helpful to have information related to the injury. Yes, it would.

Senator WARREN. OK. So do you plan to give the families this information? That is, those families that have been victims of illegal foreclosures, will you be giving them the information that is in your possession about how the banks illegally foreclosed against them? Mr. Ashton?

Mr. ASHTON. That is a decision that we are still considering. We have not made a final decision yet.

Senator WARREN. So you have made a decision to protect the banks but not a decision to tell the families who were illegally foreclosed against?

Mr. ASHTON. We have not made a decision about what information we would provide to individuals.

Senator WARREN. Mr. Stipano?

Mr. STIPANO. We are in the same position.

Senator WARREN. So I want to just make sure I get this straight. Families get pennies on the dollar in this settlement for having been the victims of illegal activities or mistakes in the banks' activities. You let the banks, and you now know individual cases where the banks violated the law and you are not going to tell the homeowners, or at least it is not clear yet whether or not you are going to do that?

Mr. STIPANO. We have not made a decision on what we are going to tell the homeowners.

Senator WARREN. You know, I just have to say, I thought this was about transparency. That is what this is all about. People want to know that their regulators are watching out for the American public, not for the banks. And the only way that we can evaluate whether or not you are doing your job is if you make some of this information publicly available. And so far, you are not doing that.

And without transparency, we cannot have any confidence, either in your oversight or that the markets are functioning properly at all, and that people are going to receive proper compensation for what went wrong.

So do we have time for another round of questions?

Senator BROWN. We do not. We do not.

Senator WARREN. OK. I——

Senator BROWN. The vote started about 8 minutes ago.

Senator WARREN. All right.

Senator BROWN. Thank you, Senator Warren.

I think her points are very well taken. I think back to Attorney General Holder's comments about that, in response to Senator Grassley's and my letters asking when he—the Department of Justice said that they were concerned about prosecution because of the—he did not quite use the words fragility of the financial system, but that it could have repercussions, and I think this is along those same lines, that the public—and the public over and over seems to think that this institution and the regulators and the Senate and the House are more interested in protecting the banks than they are the public. I think Senator Warren's comments speak to that. I think the back and forth between the Department of Justice and our office speaks to that. And I am hopeful that this starts a new era in transparency and in helping those families that have been wronged.

The vote is about 10 minutes in. We will recess and I thank the first panel for joining us. There will be follow-up from Senator Warren, I am sure, and Senator Reed and me to the two of you, but you are dismissed and we will call up the second panel within about 15 minutes.

So we stand in recess.

[Recess.]

Senator BROWN. The Subcommittee will come to order.

Thank you for your patience, and thank you especially to the second panel for waiting around while Senator Warren and I voted. I will introduce the next panel and then we will proceed with questions.

Konrad Alt is the leader of Promontory's San Francisco Office, where he advises clients on compliance, enterprise risk management, governance, and regulatory communications, and particular expertise in retail lending. He is a former counsel to this Committee. He served as Senior Deputy Controller for Economic Analysis and Public Affairs at the Office of the Comptroller of the Currency.

James Flanagan is the U.S. Leader of the PricewaterhouseCoopers Financial Services Practice, where his responsibilities include the banking and capital markets, insurance, and asset management sectors. He is actively involved with PricewaterhouseCoopers' Global Financial Services Leadership Team, as well as U.S. firms' Audit Leadership Team.

Owen Ryan heads Advisory Practice at Deloitte and Touche. He has experience in areas that include capital markets, mergers and acquisitions, corporate finance, strategic consulting, auditing, tax, and practice management. He serves on both the Deloitte Board of Directors and Executive Committee.

Mr. Alt, if you would. Try to keep it close to 5 minutes, each of you, and I very much appreciate all three of you joining us, all of you. Thank you.

STATEMENT OF KONRAD ALT, MANAGING DIRECTOR, PROMONTORY FINANCIAL GROUP, LLC

Mr. ALT. Thank you, Mr. Chairman. Good morning, Senator Warren.

So Promontory Financial Group's core business is helping financial institutions understand how to meet their business challenges consistent with regulatory expectations. Clients come to us for help in strengthening their risk management or corporate governance, and frequently, they want an independent assessment. Our work runs from testing risk models to running stress tests to reviewing board performance. We can recommend improvements to strengthen corporate governance or risk management, bolster capital and liquidity, or better protect consumers.

Promontory Financial Group is not a regulator. We do not and cannot perform regulatory activities. We do not make regulations. We do not issue guidance. We do not assign examination ratings. And we do not bring enforcement actions. These activities are the domain of public officials, accountable through Congress to the American people. Private consultants can only make recommendations, even when acting as an independent consultant pursuant to a regulatory order.

Expertise, experience, and integrity have been fundamental to our success. Many of our senior professionals have spent decades working in this area. They know the laws and regulations and they believe in them.

Independent judgment is central to all of our engagements, whether or not we are formally designated as independent. Our expertise is in identifying issues and solutions. We have to have the integrity to deliver bad news to top management and the board.

In several dozen engagements, regulatory agencies have formally designated Promontory Financial Group to serve as an independent consultant pursuant to a regulatory enforcement action. These engagements have involved over a dozen different regulatory and law enforcement authorities, both in the U.S. and abroad, and a variety of different types of reviews. We believe these assignments fit well with the strengths of our firm and we believe we have handled them well. But as a percentage of our total number of engagements, they have been a small portion of our practice.

We believe the most important qualifications for an independent consultant are subject matter expertise and integrity. Expertise is fundamental, but a consultant who lacks the integrity to deliver a tough message will probably fail to clearly define the problem and the solution.

The nature of regulatory oversight in our independent consulting assignments varies. In a small project, it might consist of presenting our final report to an examination team. A larger complex assignment might entail more extensive oversight, including regular status reports and sign-offs and validation of our results.

Regulators use these techniques to establish and maintain transparency so that they can quickly address any concerns that might

arise during our review. We support that approach. Both with the regulator and with the financial institution, we want to avoid surprises and build confidence that our review will identify and address the issues.

Conflicts of interest have the potential to compromise the quality of an independent review or to diminish confidence in its results. Managing those conflicts is, therefore, important to our work, as it is to the work of all reputable professional services firms. Sometimes prior work will completely preclude us from taking on an independent review. More frequently, the question is whether we can establish appropriate ethical safeguards to ensure that past relationships do not compromise our independence. We work through those issues in consultation with both the regulator and the institution involved. Ultimately, of course, it is the regulator's decision whether we are suited for an independent consulting assignment.

Your invitation asked about our legal obligations to the regulated financial institution and the regulator in an independent review. Our legal obligations are set out in our engagement letters. Regulatory authorities often review and approve those letters and frequently require specific language relating to independence.

Finally, your invitation letter asked how we ensure quality and consistency in providing oversight to financial institutions. As I have said, we are not regulators and we are not in the business of providing regulatory oversight. But quality and consistency matter to us and we pursue them by hiring top-quality, experienced experts and giving them great support. In this way, we have built what we believe is the world's leading consultancy in our field.

In summary, the use of private sector resources to support the activities of Federal regulators raises legitimate public policy questions. We applaud this Subcommittee's interest in seeking assurance that the firms enlisted in such roles can pursue the public interest without compromise.

Thank you, Mr. Chairman.

Senator BROWN. Thank you, Mr. Alt.

Mr. Flanagan, thank you for joining us.

STATEMENT OF JAMES F. FLANAGAN, LEADER, U.S. FINANCIAL SERVICES PRACTICE, PRICEWATERHOUSECOOPERS LLP

Mr. FLANAGAN. Thank you. Thank you, Chairman Brown, thank you, Senator Warren, for the opportunity to appear today on behalf of PwC.

I lead PwC's Financial Services Practice, which means I help to manage and oversee the firm's diverse businesses in banking capital markets, insurance, and our asset management sectors. We are a partnership of over 37,000 professionals in the U.S. and 180,000 globally. Together, we provide professional services to public and private companies, the Federal Government, State and local governments, and individuals. The foundation of our brand is the quality of our services, which are built on integrity, objectivity, and professionalism.

PwC's Financial Services Practice offers clients audit, tax, and consulting services. We understand that this Subcommittee has expressed particular interest in the role of independent consultants

in relation to Agency Enforcement Orders. The vast majority of our consulting engagements do not arise from Agency Enforcement Orders, but from time to time, we do Enforcement Order-related work and I would be happy to give the Subcommittee a flavor of our views about such engagements based on our experiences.

Independent consultants are often retained in enforcement-related matters because of the independent consultants' specialized expertise or because in larger complex cases independent consultants can provide the scale of assistance and review beyond that that the institutions or the regulatory agency can or would like to deploy, given other needs and obligations.

The particular nature of a regulatory proceeding and final order in an enforcement action will define the qualifications necessary for an independent consultant. There are, however, certain baseline expectations for any independent consultant: Appropriate subject matter expertise and experience, a reputation for integrity, objectivity, and impartiality, significant experience managing projects of the size or complexity at issue, and sufficient trained and dedicated professionals to perform the quality work in a prompt and cost effective manner.

The Independent Foreclosure Reviews, or IFRs, are a recent example of work with companies who are subject to regulatory enforcement proceedings. As the Subcommittee knows, we were engaged by four mortgage servicers to act as their independent consultants under the terms of their respective settlements with the Fed and the OCC. According to the terms of the Fed and the OCC Consent Orders, as elaborated in our engagement letters, which were reviewed and approved by the regulators, we were engaged to identify errors related to the foreclosure proceedings in 2009 and 2010, regardless of whether they were financially harmed borrowers, but also to identify which errors resulted in financial harm to borrowers.

The scale of the IFR engagements was unprecedented. As the GAO said in its report last week, the IFR engagements required application of hundreds of procedures to thousands of loan files to test for potential errors in dozens of categories. Over the course of the engagement, the scope and the procedures underlying PwC's work continued to evolve. As they learned more about the servicer files, the regulators provided updated guidance and instruction on the scope and content of PwC's testing. Independent legal counsel engaged by the servicers pursuant to the orders provided new iterations of guidance as the reviews proceeded to address the challenges of evaluating the servicers' compliance with the laws of more than 50 relevant Federal and State jurisdictions.

While the complexity and scale of the IFR engagements posed challenges to the independent consultants, we are proud of our work. This is because, on the IFR engagements, we performed our file reviews and made our observations objectively and impartially. Our teams were comprised of experienced, talented, and well trained PwC professionals. We cooperated fully with the regulators and followed their guidance, and we endeavored to communicate transparently and on a regular basis with the regulators who were overseeing and monitoring our work.

We appreciate your time and consideration of our perspectives and I thank you for the opportunity to appear before you and I look forward to answering your questions.

Senator BROWN. Thank you, Mr. Flanagan.

Mr. Ryan, thank you for joining us. Welcome.

STATEMENT OF OWEN RYAN, PARTNER, AUDIT AND ENTERPRISE RISK SERVICES, DELOITTE AND TOUCHE LLP

Mr. RYAN. Chairman Brown, other Members of the Subcommittee, good morning. My name is Owen Ryan and I lead the Advisory Practice at Deloitte and Touche LLP.

Our Advisory Practice offers a wide range of services to clients in most major industries. Our services include cyber security and privacy, governance, regulatory, and risk management, finance operations and controls transformation, financial accounting and valuation, internal auditing, and mergers and acquisitions. I am a Certified Public Accountant and have more than 28 years of professional experience. I serve on both the Deloitte and Touche LLP Board of Directors and its Executive Committee.

In your invitation, you asked our firm to discuss our role as independent consultant for financial institutions and the role of independent consultants more generally. Before I do so, I would note that we served as the independent consultant on the Mortgage Foreclosure Review for JPMorgan Chase. My remarks, I believe, will be responsive to your invitation letter and generally be applicable to our Foreclosure Review engagement.

I would also note that Deloitte is not a law firm, and, therefore, my testimony today is not based on legal analysis but is instead based on my professional experiences.

Deloitte member firms employ more than 190,000 individuals globally, and the United States firms employ almost 60,000 people. We provide professional services in four key areas: Audit, advisory, tax, and consulting. Our business framework allows us to provide a wide range of professional services based on the needs of our clients. While independent consulting engagements do not represent a substantial portion of our business, I can assure you that we take our role seriously. We strive to fulfill our professional obligations to provide independent, objective, and quality services consistent with the highest standards of our profession.

Before accepting a role as independent consultant, our firm determines if we have the requisite experience, qualifications, and appropriate number of professionals to execute our responsibilities. Our professionals serving on these types of engagements generally have auditing, consulting, industry, or regulatory experience. Supplemental training on rules and regulations pertinent to each engagement may be necessary. In addition, it may be important for these professionals to have experience working on or handling large-scale complex and evolving engagements. We believe we were well qualified to serve as the independent consultant for the Foreclosure Review.

We know from our experiences that it is important to maintain open communication and an appropriate working relationship amongst the independent consultants, the regulators, and the institutions being monitored. Frequently scheduled meetings and timely

reporting are important mechanisms for communicating our approach and progress.

Independent consultant engagements often result from regulatory directives. As such, these engagements are subject to the oversight of regulators as determined by their requirements. These requirements generally include regulatory approval of the independent consultant and the scope and methodology to be used.

Given the relatively small number of firms with the scale and expertise required to serve as an independent consultant on large engagements, it is often the case that a firm will have some previous relationships with an institution. Our policies and procedures are designed to ensure that each engagement is approached with due professional care, objectivity, and integrity, consistent with American Institute of Certified Public Accountants consulting standards. These policies and procedures include disclosing to the regulator our previous relationships with the institution before accepting the engagement. Circumstances may also dictate the need for us to decline the engagement altogether.

The engagement letter generally defines our professional obligations. As part of our engagement acceptance procedures, we would identify any regulatory considerations that are not within our purview and expertise as an independent consultant. To the extent we became aware of compliance issues outside the scope of our purview, we would obviously fulfill all reporting obligations to the regulator. Deloitte policies and procedures promote the delivery of consistent, high-quality services in our independent consultant engagements. Quality control and assurance are integral to the success of all of our engagements and we take care to build them into the design, execution, and review of our projects. We conduct mandatory training for our professionals and monitor the quality of our work on our independent consultant engagements.

As a firm, we have been in business for over 100 years. We know that our reputation is our most important asset. As such, independence, integrity, and objectivity are of paramount importance to us. We take very seriously our professional obligations. We have an overriding commitment to excellence in everything we do.

I thank you for providing me with this opportunity to testify and will be happy to answer any questions you have.

Senator BROWN. Thank you, Mr. Ryan. Thanks to the three of you.

All of you were here for the prior panel and heard some of the questions that I want to ask. I want to fill in the blanks with some questions that were asked and fully answered or partially answered from the prior panel.

Five consultants of the IFR are not here today. Three of you are. I want to ask each of you whether any of your organizations was given formal written notice from OCC of an opportunity to improve its performance.

Mr. Alt?

Mr. ALT. No, sir.

Senator BROWN. OK. Mr. Flanagan?

Mr. FLANAGAN. No, sir.

Senator BROWN. And Mr. Ryan?

Mr. RYAN. No, sir.

Senator BROWN. OK. Thank you for that. I like those "yes" or "no" quick answers. Thanks.

I addressed the issue of compensation with the regulators. Did any of you—and I asked the question, did any of your firms notify regulators that they, you, had concerns about the rate at which your compensation was growing. We have, as I mentioned earlier, at least two firms said that—I am not going to disclose which two, but said that they initially thought $5 to $8 million would be the charge. Obviously, it grew much bigger than that.

My question, as I said, is did any of you notify the regulators you had concerns about the rate at which your compensation was growing, far beyond those numbers?

Mr. ALT. Senator, we discussed with the regulators on several occasions the cost of the review and the amount of resources required, and we instituted in consultation with them many efforts to improve the efficiency of the review. So they certainly were aware that this was a concern for us.

Senator BROWN. Did it surprise you, the size? The amount?

Mr. ALT. Senator, we recognized from the very outset that this would be a very large and complex undertaking, that it would require a lot of resources over an extended period of time, and we clearly built that into our methodology and we communicated with the regulators about it. And we were also clear about the potential for changes in scope to increase the amount of resources. So we did—we anticipated—it was a large review right from the outset. It was a large review and we simply staffed up to handle it.

Senator BROWN. What did you first think when you saw the 120-day standard, if that is a standard, the 120-day goal or deadline that they initially set?

Mr. ALT. I am not——

Senator BROWN. Did you think that was attainable?

Mr. ALT. No, Senator. I think it was pretty clear from the outset that that was not attainable and——

Senator BROWN. Did you tell them?

Mr. ALT. I am sorry?

Senator BROWN. Did you tell OCC that?

Mr. ALT. I believe they told me that.

Senator BROWN. That 120 was not attainable?

Mr. ALT. I think, from the outset, what we heard from them was that our priority should be doing the job right and not to worry about the time table, and let them know if we needed an extension.

Senator BROWN. Mr. Flanagan, same sets of questions, if you would.

Mr. FLANAGAN. Certainly.

Senator BROWN. Did you notify the regulators?

Mr. FLANAGAN. Yes. So we had an ongoing dialogue with the regulators throughout the process, as they acknowledged in the first panel. So they were aware of the scope, the change in the findings as the process was playing out. So they were well aware throughout the evolution of the exercise and the level of effort that was being incurred.

Senator BROWN. What did you think when you saw the 120 days?

Mr. FLANAGAN. I guess I would say, at the outset, we did not really know what the process was going to be. So I do not think

we started it saying there is no way we will be done in 120 days. It became obvious very quickly that we would not, as the process played out.

Senator BROWN. Did the—and you talked to OCC about that early?

Mr. FLANAGAN. Yes. We had, you know, regular meetings with the OCC and the Fed. Our teams met with them virtually daily to talk about what was going on in the field. There were weekly calls with larger groups from the OCC and the Fed. So there was a regular dialogue with them about the activities.

Senator BROWN. Mr. Ryan?

Mr. RYAN. So, similarly—is it on? So, yes, we also let the regulators know about the change in scope, and, in fact, by the time our engagement letter was formally signed, the estimate of our professional fees was commensurate with where we ended the project.

Senator BROWN. Mr. Alt and Mr. Flanagan—Mr. Ryan, I understand, cannot answer this, I accept that, because he had one bank. His firm had one bank that they worked with. The other two of you had at least three and also at least one of you, I know, did some subcontracting, were both a subcontractor and subcontracted to others, which confuses me a bit, but would you disclose to us how much you were paid by OCC and how much you were paid by the banks, by your clients? Again, I am not asking Mr. Ryan because he would have to disclose his one bank, JPMorgan Chase. You had multiple clients. I am asking for the aggregate number. Would you disclose that to the Committee now, Mr. Alt?

Mr. ALT. Senator, to be honest, I do not know the exact number that we were paid in total and I am under the impression, notwithstanding—well, maybe I could tell you the total if I had it. I do not think I can give you bank-specific information, consistent with the information that I have received, or the direction that I have received from the OCC.

Senator BROWN. Would you be willing to notify the Committee early next week on that final figure, that total figure?

Mr. ALT. We could obtain the total figure for you, yes.

Senator BROWN. OK. Good. We would appreciate that early next week.

Mr. Flanagan, would you be willing to disclose that today?

Mr. FLANAGAN. Yes, I would.

Senator BROWN. And it is——

Mr. FLANAGAN. We had a conversation with our counsel coming into today's hearing because of the interest in the topic and our counsel discussed with the servicers' counsel, as well, to allow us to disclose the fees associated with the individual banks, as well.

So the answer to your question is, for U.S. Bank, our fees were approximately $190 million. For Citibank, our fees were approximately $175 million. And for SunTrust Bank, our fees were approximately $60 million.

Senator BROWN. Six-O?

Mr. FLANAGAN. Six-O.

Senator BROWN. OK. Thank you. Mr. Ryan, that does not make you get an urge to disclose JPMorgan Chase, I presume?

[Laughter.]

Senator BROWN. You are free to, if you would like, but I understand the agreement was you would not have to.

Mr. RYAN. So what I would say is, based on the testimony this morning, if we can get approval from the OCC to disclose that to you, then we would not be adverse to disclosing that to you. So we will do that after the meeting if we receive approval.

Senator BROWN. Thank you very much for that.

Two of you note in your testimony, Mr. Flanagan and Mr. Ryan, that your auditing firms must adhere to independent standards set by the American Institute of Certified Public Accountants. What is ironic here is—maybe it is not ironic. What is illustrative, perhaps, is that the private sector trade association, the professional association AICPA, has very specific, strict standards on behavior and qualifications and all that. Apparently, the OCC does not and at least as of an hour ago had not yet started writing sort of their prescriptive direction here.

To Mr. Ryan and Mr. Flanagan, does that put you and your firms at some disadvantages to your competitors in following those rules?

Mr. FLANAGAN. I will take that first. We are bound by the AICPA standards, but we believe we hold ourselves to those standards or higher. I go back to my earlier comments. I mean, our brand is defined by the way we execute our work, the objectivity, the independence that we bring. And so the AICPA standards are good and helpful in giving us a guideline, but ultimately, we believe that we have to demonstrate that in a market and stay true to our brand.

Senator BROWN. Mr. Ryan.

Mr. RYAN. I do not believe that our adhering to our professional standards puts us at a competitive disadvantage. In fact, I believe it enhances our competitive advantage because the regulators and institutions that have to go through consent orders and things of that nature understand that we will exercise our responsibilities with due professional care, with objectivity, and with the integrity that everyone would expect.

Senator BROWN. Did it surprise you, the answer from Mr. Stipano earlier today from OCC, surprise you when he said that they had not written standards in judging who could be consultants with these banks? Let me ask the two of you, did that surprise you?

Mr. RYAN. Well, I will go. We are going to alternate going first and second here. I do not know that it surprised me, per se. I do know that they ask us to provide a lot of information prior to our retention and it is thorough, their request. And, obviously, we try to provide them everything that we can to be responsive. And so it would seem like they have the same information that we would be using to make our own determination, because we would not proceed with an engagement if we did not think we would be appropriately objective. And so I guess it was surprising that there might not be a formal policy written, but I would imagine when they go into their room to have a conversation, that they are thinking the same things that we would be thinking about.

Mr. FLANAGAN. I would say I had not considered whether they had a formal policy in place as they went through the process. I can tell you that as they vetted us before being allowed to be appointed for our four servicers, there were many questions asked of

us about the nature of the assignments and the work we had done with the financial institutions that we were being asked to do the IFR work for. But I was not aware that they had—did not have a specific policy in place.

Senator BROWN. OK. I have other questions along the same lines of qualifications and standards, but I have gone 5 minutes over my time. Let me go to Senator Warren. Then we will do one more round of questions after she is complete with her seven or 8 minutes. Go for it.

Senator WARREN. Thank you very much, Mr. Chairman.

You know, I am going to ask you some questions about numbers and how this review was designed, but I never want to forget in this that the particular instance we are talking about here involved four million families, and it involved people who lost their homes, whose lives were turned upside down, people who did not sleep, people who had to tell their children that they were going to have to change schools. This is a terrible process that we have gone through.

And the whole point of this review was to bring some justice, to give these families some compensation for what happened, to try to help them, but also to identify the wrongdoing and hold the financial institutions that broke the law accountable. So that was the whole idea behind this.

And now the OCC and the Federal Reserve have announced a settlement, and the OCC has described this as it is based, at least in part, on a 6.5 percent error rate. I think I said earlier it was in their press release. I think that actually was a statement from the head of the OCC.

But that means this is all the families are going to get from the regulators who were supposed to be looking out for them, the regulators who were supposed to be watching that this never happened in the first place, and the regulators who were supposed to conduct the investigation afterwards to make sure that these families were taken care of and that the banks were held accountable.

So the questions I have are around how accurate the OCC and Federal Reserve settlement is. Does it really identify the law breaking that went on and appropriately hold these banks accountable? So I am really asking the question, have the families been protected or have the banks been protected?

So I want to go back to one that I asked in the first panel, just to make sure I have got this right, and that is, I understand that you looked at about 100,000 files of the 700,000 or so that were initially collected for you. That is a subset of the four million families for which the review was designated. So you looked at about 13 percent of the files that came to you, about 2 percent of the overall. And as I understand it, you just looked at the files as they came to you.

So I just want to ask this question again. Mr. Alt, did you look at a random sample so that you could draw an inference about what had happened to all four million people?

Mr. ALT. Senator, our sampling methodology was designed to include extensive random sampling and we were seeking to obtain results at a high level of statistical confidence.

Senator WARREN. That is right. And so when the work that you were doing was halted, had you completed a random sample of the four million families who were under review?

Mr. ALT. No, Senator, we had not.

Senator WARREN. All right. And I understand that you were not the ones who halted this process, that the OCC and the Fed halted this process. But I want to be clear about that. Does that mean, then, that what you found tells us whether or not the illegal practices of the banks occurred in 1 percent of the cases or occurred in 90 percent of the cases?

Mr. ALT. Senator, we were not in a position to conclude that based on the results at the time of the settlement.

Senator WARREN. All right. Thank you for clearing that up, Mr. Alt. I appreciate it.

I have another question, again, about what you were asked to do by the Federal Reserve and the OCC. Whenever something—you have to code these cases, basically. You have got to read these cases—I know they were very complicated—and, in fact, decide what box they belong in. Was there illegal activity? Did it cause someone to lose a home? No illegal activity, that sort of thing, all the way through. And it is a fairly complicated process.

So it is pretty standard when you are putting something together like this that you worry about whether or not the person doing the evaluation gets it right. Your judgment call might be different from his judgment call. Shoot, you might have a lazy examiner, right, who says, yeah, it is all just great, and passes them all through.

So the way we deal with that is you take some number of those cases and they are slotted in to be coded a second time and then there is a comparison between the first time and the second time and you figure out what the error rate is that your own evaluators are putting into it.

So the first question I have is what did the OCC and the Fed require of you in terms of this sort of double-coding to figure out the error rate? Mr. Alt?

Mr. ALT. Senator, we built in processes exactly as you describe into our methodology and we presented them to the OCC, and I infer that they were satisfied because they accepted them. But that was not their express requirement. Perhaps they would have required it if we had not built them in ourselves.

Senator WARREN. That is all right. So what was your rate of double-coding?

Mr. ALT. I do not know that I could give you an overall rate. We could perhaps obtain that. It——

Senator WARREN. So, let me ask it a different way. What was your error rate?

Mr. ALT. It changed over time and it depended on which files we were looking at. There were—I mean, we were reporting error rates to ourselves weekly, so we monitored that all the time.

Senator WARREN. Can you give me an idea of what your error rate was?

Mr. ALT. Uh——

Senator WARREN. What was the range?

Mr. ALT. Senator, I really—I do not think I could do that off the top of my head. I would have to go and perform that research. I would be happy to look into it for you.

Senator WARREN. All right. And was the error rate coming down over time?

Mr. ALT. I believe it was, yes.

Senator WARREN. All right. So I would like to know about the error rate.

Mr. Flanagan, the same question for you.

Mr. FLANAGAN. So, specific to the error rate, unlike the prior comments about being able to disclose to you the fee information, the error rate information, we believe we are not allowed to disclose at this point in time by the terms of the engagement letters that we have signed.

Senator WARREN. You cannot tell me whether you had an error rate of 1 percent or 90 percent?

Mr. FLANAGAN. That is my understanding, is that at this point, we are not able to do that.

Senator WARREN. Mr. Ryan?

Mr. RYAN. We are under the same confidentiality provisions. What I will tell you is that the error rate that has been reported in the media for our work is mischaracterized.

Senator WARREN. All right. I think I will stop there, Mr. Chairman, since it is clear that we do not have the information we need to determine the numbers on which the OCC has based—and the Fed—has based this settlement. Thank you.

Senator BROWN. Thank you, Senator Warren. We will do a second round.

Let me go back to the standards. The GAO's report on the Independent Foreclosure says, clearly, the lack of common criteria—their term, common criteria—I guess that would be a synonym of standards—but the lack of common criteria increased the likelihood of inconsistent outcomes, and we have seen the mess that this has created. Would you each support more consistent standards for consultants' engagement, including a description of qualifications and independence? Mr. Alt?

Mr. ALT. I suppose I would want to know exactly what the standard is, but we certainly support having standards in place and qualified independent consultants and so forth. Yes.

Senator BROWN. Mr. Flanagan?

Mr. FLANAGAN. I think it would be a helpful—I mean, as was commented on in the earlier panel, to take the learnings from this exercise and determine what additional standards might be put in place.

Senator BROWN. Mr. Ryan?

Mr. RYAN. I think the insights that were in the GAO report were very helpful and informative, and hopefully, those lessons will be learned going forward.

Senator BROWN. OK. I want to ask you a question I asked the regulators about qualifications. If a consulting firm has been, repeatedly been, for lack of a better term, at the scene of the crime, what would it take before they are viewed as not qualified? How would you answer that? I will start this time with you, Mr. Ryan.

Mr. RYAN. I am sorry. Could you repeat the question, please?

Senator BROWN. If a consulting firm has repeatedly been at the scene of a crime, what would it take before they are viewed as not qualified?

Mr. RYAN. I am not sure exactly what you are referring to, at the scene of the crime——

Senator BROWN. Well, I will give you a couple of examples. One consulting firm aggressively undervalued an institution's money laundering transactions, yet was chosen by OCC to be one of the IFAR. So——

Mr. RYAN. I believe that our firm would report everything that we had experiences with to the OCC to allow them to make any determination if they believed that we would be appropriately qualified or not, and if, for example, if we felt we were not appropriately qualified, we would recuse ourselves from providing those types of services if we thought there was something that we could not do professionally appropriate.

Senator BROWN. Mr. Flanagan?

Mr. FLANAGAN. My thought is that we would not put ourselves in a position to judge at what point some would say, you should not use a firm. What we focus on is not putting ourselves in that position, to execute the work in a thorough, thoughtful, and objective way, and to not be in a spot where someone is questioning whether, in fact, such an action should occur to our firm.

Senator BROWN. Mr. Alt?

Mr. ALT. Senator, I guess it would depend on whether you are present at the scene of the crime as a witness or a perpetrator or a detective, but we would certainly expect our prior experience to be taken into account, and if it was—if we did not perform well, we would expect that to be considered.

Senator BROWN. Thank you. I am still—I know there is a limited universe of people who have the expertise. I also understand some of you had to do a lot of new hiring. In the case of Mr. Alt, I think they were both a subcontractor and someone who subcontracted to someone else. But I guess when I look at the aggressive undervaluation of an institution's money laundering transaction, that another consulting firm watered down reports to regulators, I just wonder how we continue to do this.

And fundamentally, I mean, the problem here that I do not think anybody has really gotten their arms around is that these—that you work for the banks. They pay you. But you are supposed to represent the public interest here. On the case of—and I do not want to go into this in more detail on the specific money laundering issue, but, I mean, that is sort of an example that your job is to help the Government get to the bottom of this, as Senator Warren suggests, and knowing these numbers and understanding this. At the same time, you are paid by the banks and that is—so almost—and that speaks to Senator Reed's comments. That is almost an automatic inherent conflict of interest.

And then when you have got the banks—when you have got the other issues of past behavior, just for my last question, just talk that through to me, why this is a system that works. Why, when you have worked, every one of you, because of your size and generally good work, has worked for a number of these financial institutions, you will be asked again, you are supposed to represent the

public interest but ultimately you are representing this private interest, the bank that hires you, how does that—why should the public think that is a good arrangement? How do I go back to Cleveland or Dayton and explain this is a good arrangement instead of something else that nobody has figured out perhaps yet? I will start, Mr. Flanagan, with you.

Mr. FLANAGAN. Sure. So, let me go back to your beginning comments as it relates to the people that we use and what we execute, or what that relates to PwC. Over the course of the engagement, we probably had close to 3,000 people work on the varying assignments. There were 1,500 people that were working on this assignment at the time of its termination. They were all PwC people. They were trained by our firm. They were deployed by our firm. And they are still working in our firm today. So just to be clear, for the record, about the nature of the people we used—and I would suggest some confidence that people should take, then, in the objectivity that we applied in executing the work.

As was mentioned in the earlier panel, the options in terms of bringing a firm like ours in and who was going to pay, it was either the servicers or the OCC and the Fed directly. In this example, the decision was made to have the fees go directly to the servicers and have them pay us.

I can assure you, the approach we took was that we were going to do the job well and stay true to our firm, our brand and our objectives. That is the approach we were going to take. We have done that for 100-plus years and it has served us well, and we think that is the way the market should look at us and, in fact, why the OCC and the Fed in their earlier comments commented upon why firms like ours are important for them to be able to leverage.

Senator BROWN. Mr. Ryan?

Mr. RYAN. So, a very similar answer in the sense that, first of all, we did not hire anyone additional to work on the Foreclosure Review. We had all the professionals within our firm. And, similarly, they are still all here with us and they have been trained appropriately.

I think, importantly in the Foreclosure Review, we made it very clear that our client principally was the regulators. We let—made everyone on our team understand that. We communicated that numerous times to ensure that everyone knew that we had a responsibility to execute on behalf of the regulators who were trying to do their work on behalf of those borrowers who were harmed, similar to what Senator Warren described.

And so I think we have done that very well, and I believe that our impartiality, our objectivity, really came through in the way we conducted our responsibilities. And all the feedback we received from the regulators are that they were satisfied with the work we were doing and how we were doing it.

Senator BROWN. Mr. Alt, and then putting a little bit different aspect to the question, one of your principals and founders, Alan Blinder, said this was not in your sweet spot. You hired a number of people, I understand, including, and correct me if I am wrong, a number of them were foreign nationals, I guess. There is nothing wrong with that, but I just—and you both subcontracted and were a subcontractor. If you would sort of explain that.

Mr. ALT. Senator, a project of the scale and complexity of the Independent Foreclosure Review, I would submit, is not in anybody's sweet spot. But it was a large, complex review and we have done large, complex reviews before. It was a review with a subject matter in mortgage servicing and we have familiarity with that subject matter. We were confident that we could put together a team that could handle the review, and we believe that we did that and we believe we faithfully carried out the directions of the OCC at a high standard of professionalism, and, frankly, we are proud of the work that our teams did here.

The question that you were asking about the conflict between being paid by the banks while working for the regulators, I think is an important question, and there is an inherent conflict there and you are right to focus on it. There are checks in a process like this to try and mitigate that conflict and make sure that it does not become problematic, in fact, and the primary check is the regulatory oversight.

And in all of our work as an independent consultant, we are subject to close regulatory oversight. That was especially true in the foreclosure review. We met with the regulators constantly. They were aware of every aspect of our process. They had absolute transparency into our work papers. They could meet with our personnel at any time. They were onsite frequently. Every aspect of this review was subject to very close regulatory oversight, and I believe that was an effective check on our independence.

Senator BROWN. Thank you.

Senator Warren.

Senator WARREN. Thank you.

So, I just want to take a look at the Independent Foreclosure Review payment agreement details. I think you have probably all seen this one-page agreement that lists all of the things that the banks did wrong and then boxes for how many people fall into each category and how much money they are going to be paid. Is that right? Have you all seen this?

Mr. RYAN. Yes.

Senator WARREN. And this was put out—who put this out? Mr. Flanagan?

Mr. FLANAGAN. [Nodding head.]

Senator WARREN. I think this was put out by the OCC and the Federal Reserve, is that right——

Mr. RYAN. Yes.

Senator WARREN.——as a part of the settlement details. So I just want to ask you about this. It has some pretty amazing categories here. The first category is about servicemembers who were protected by Federal law whose homes were unlawfully foreclosed. It has got people who were current on their payments whose homes were foreclosed. It has got people who were performing all of the requirements under a modification who lost their homes to foreclosure. And it tells how many people fall into each category and how much money the people in that category will receive. And it ultimately resolves what will happen to 3,949,896 families.

So the question I have is, having resolved this nearly four million families, who put the people, the families, into each of these boxes? Is that what your firms did? Mr. Ryan?

Mr. RYAN. No, Senator, we did not.

Senator WARREN. So who put them in?

Mr. RYAN. Well, I am not sure how that schedule was prepared. I saw it for the first time yesterday.

Senator WARREN. Mr. Flanagan?

Mr. FLANAGAN. Same response. We were not involved in the accumulation of that information.

Senator WARREN. Mr. Alt?

Mr. ALT. Senator, I have seen this schedule, but I am not familiar with the basis for its preparation.

Senator WARREN. So let me understand this. You ran the Independent Reviews, right? That is what you got paid to do. And yet I presume the only one left is the banks must have put them in these boxes, and you made no independent review of their going into these boxes? You were not asked to do that? Mr. Alt?

Mr. ALT. No, Senator, we were not asked to do that.

Senator WARREN. Mr. Flanagan?

Mr. FLANAGAN. No, we were not.

Senator WARREN. Mr. Ryan?

Mr. RYAN. We were not, Senator.

Senator WARREN. So that leaves us with the banks that broke the law were then the banks that decided how many people lost their homes because of their law breaking, and as a result, how many people would collect money in each of these categories. Is that right, Mr. Alt?

Mr. ALT. Senator, as I said, I am not familiar with the basis for the schedule——

Senator WARREN. But there is no, so far as you know, no independent review of the banks' analysis of how many families broke the law. You looked at 100,000 cases and the banks have now put four million people into categories and resolved, finally, how much they will get from this review by the OCC and by the Federal Reserve, is that right? Mr. Ryan?

Mr. RYAN. Senator, my understanding was the banks were supposed to put this together and the OCC was going to look at it, but I do not know exactly what transpired.

Senator WARREN. All right. But you made no independent review of this, were not asked to make any independent review of this.

Mr. RYAN. We did not.

Senator WARREN. Mr. Flanagan?

Mr. FLANAGAN. PwC was not involved in the settlement or the preparation of that schedule.

Senator WARREN. All right. Mr. Alt?

Mr. ALT. Same answer, Senator. We were not involved.

Senator WARREN. All right. I just wanted to make sure, because it appears that the people who broke the law are the same people now who have determined who will be compensated from that law breaking. I just find this one amazing. Thank you. Thank you for your help.

Mr. Chairman, I do not have any other questions.

Senator BROWN. Thank you, Senator Warren.

To all of you, Mr. Ryan, thank you. Mr. Alt, thank you. Mr. Flanagan, thank you. The record will be open for 1 week for Committee Members, those here or those not here, to ask you questions

in writing. If you would get those back to us as quickly as you can, if Members do that.

The hearing is adjourned. Thank you very much.

[Whereupon, at 12:17 p.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF DANIEL P. STIPANO

DEPUTY CHIEF COUNSEL
OFFICE OF THE COMPTROLLER OF THE CURRENCY*

APRIL 11, 2013

I. Introduction

Chairman Brown, Ranking Member Toomey, and Members of the Subcommittee, I welcome this opportunity to discuss the role of independent consultants in the Office of the Comptroller of the Currency's ("OCC") enforcement process. In its letter of invitation, the Subcommittee expressed interest in the OCC's use of enforcement actions to require regulated institutions to retain independent consultants, and the OCC's oversight of the independent consultants when they are required.

The OCC uses its supervisory and enforcement authorities to ensure that national banks and Federal savings associations ("banks") operate in a safe and sound manner, provide nondiscriminatory access to financial services, treat customers fairly, and comply with applicable laws and regulations. As described below, the OCC and the other Federal banking agencies ("FBAs") have a broad range of supervisory and enforcement tools to achieve this purpose. The FBAs' powers include the power to require banks to take specific actions to address and correct violations of law and unsafe or unsound practices. Pursuant to this authority, the OCC may require banks to retain independent consultants to work with them to identify the underlying causes of the violation or unsafe or unsound practice and to facilitate their correction.

The OCC has used its enforcement authority to require banks to retain independent consultants in a significant number of cases and for a variety of purposes. For example, the agency has required banks to retain independent consultants to provide expertise needed to correct operational and management deficiencies; to comply with legal requirements, such as the Bank Secrecy Act ("BSA"); and to provide restitution for violations of consumer protection statutes. In these and other instances, the use of independent consultants provides banks with the additional knowledge, experience, and resources required to address deficiencies identified through the supervisory process. While we have found the use of independent consultants useful in many circumstances, it can be particularly valuable for community banks, which may lack the necessary expertise and resources to correct the problem on their own. In such cases, the use of independent consultants is not only helpful, but necessary, to ensure that the bank takes the requisite corrective action to operate safely and soundly and in compliance with the law. The use of independent consultants does not, however, absolve bank management and the bank's board of directors of their responsibilities. In this regard, a bank's board of directors is responsible for ensuring that all needed corrective actions are identified and implemented.

Similarly, it is important to note that the independent consultants are not substitutes for the supervisory judgment of the OCC. The OCC retains sole responsibility for supervising the bank, including overseeing and assessing the bank's compliance with an enforcement action.

The use of independent consultants as part of the Independent Foreclosure Review ("IFR") differed substantially from the agency's normal practice in many significant ways. The breadth, scale, and scope of the reviews were unprecedented, as were the large number of institutions, independent consultants, and counsel involved in the process. The file reviews provided to be much more complex and challenging than we anticipated, and involved a number of decision points, all of which required substantial oversight by the OCC. In retrospect, it is clear that our approach under the IFR process did not serve the agency's objectives which were, first and foremost, to compensate borrowers in a timely manner for the financial harm they suffered from faulty foreclosure practices. Our failure to fully appreciate the breadth, scale, and complexity of the reviews and to define a comprehensive and effective project plan at the outset hampered the process.

While the use of independent consultants can be an effective supervisory tool, there are certainly lessons to be learned from our experience, and we believe we can improve the process going forward. To that end, we plan to draw on our recent experiences when requiring banks to retain independent consultants and to enhance our oversight of the consultants when they are utilized.

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*Statement required by 12 U.S.C. 250:

The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

The Subcommittee's interest spans a broad range of topics. My testimony covers five key areas: 1) the OCC's authority to require the use of independent consultants; 2) the circumstances in which the OCC has ordered banks to engage independent consultants; 3) the OCC's oversight of independent consultants; 4) an overview of some of the significant results of the use of independent consultants; and 5) the future use of independent consultants in OCC enforcement actions.

II. The OCC's Enforcement Authority

The OCC's enforcement process is directly related to our supervision of banks. The OCC addresses operating deficiencies, violations of laws and regulations, and unsafe or unsound practices at banks through the use of supervisory actions and civil enforcement powers and tools. Our enforcement policy[1] is to address problems or weaknesses before they develop into more serious issues that adversely affect the bank's financial condition or its responsibilities to its customers. Once problems or weaknesses are identified and communicated to the bank, the bank's management and board of directors are expected to correct them promptly.

Banks are subject to comprehensive, ongoing supervision that enables examiners to identify problems early and obtain corrective action quickly. Because of our regular, and in some cases, continuous, onsite presence at banks, we have the ability in many cases to stop unsafe or unsound practices or violations of law without ever having to take an enforcement action. This approach permits most bank problems to be resolved through the OCC supervisory process.

When this normal supervisory process does not result in bank compliance with the law and the correction of unsafe or unsound practices, or circumstances otherwise warrant a heightened enforcement response, the OCC has a broad range of enforcement tools. Among those tools is the ability to take formal enforcement action. Section 8 of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1818, gives the OCC the power to take formal enforcement actions to require the cessation of unsafe or unsound practices and ensure compliance with any law, rule, or regulation applicable to banks. For example, the OCC may issue a Formal Written Agreement or a Cease and Desist Order ("C&D") requiring a bank to take actions necessary to correct or remedy the conditions resulting from a violation or unsafe or unsound practice. It is pursuant to this power that the OCC requires banks, when necessary, to retain consultants to provide independent expertise and resources to correct deficiencies.

III. OCC Use of Independent Consultants in Enforcement Actions

It has been a longstanding practice of the OCC in enforcement actions to require banks to engage independent consultants. The nature and expertise of such consultants may vary, depending on the particular issues facing the bank and have included, for example, certified public accountants, lawyers, financial consultants, and information technology specialists. From 2008 through 2012, the OCC required banks to retain independent consultants in approximately 190 of 600 formal enforcement actions. The majority of actions taken have involved operational and compliance deficiencies, primarily in community banks.

The OCC requires banks to retain independent consultants for a number of reasons. First, independent consultants have subject matter and process knowledge, and often have experience in dealing with similar situations. They can apply that knowledge and experience to focus on the supervisory issue, identify its scope, and work with bank personnel to correct the bank's conduct and to remedy the consequences of the violation or unsafe and unsound practice. Second, independent consultants can provide the resources necessary to carry out a task in a timely manner. Finally, independent consultants are, as the name suggests, independent from the activities being conducted. Thus, rather than having the bank review itself, the OCC may require the use of a third-party to exercise independent judgment in assessing the scope of the problem and the remedy. In all cases, however, the OCC retains the final decision in determining whether the bank's corrective actions are sufficient.

The OCC has long required banks to retain independent consultants to assist the bank in addressing significant management and operational deficiencies. For example, in a sizable number of cases, when the OCC has supervisory concerns about bank management's ability to accurately assess the credit quality of a bank's port-

[1] OCC's Enforcement Action Policy, which was publicly released as OCC Bulletin 2011–37, provides for consistent and equitable enforcement standards for national banks and Federal savings associations and describes the OCC's procedures for taking appropriate administrative enforcement actions in response to violations of laws, rules, regulations, final agency orders, and unsafe or unsound practices or conditions.

folio, the OCC has ordered the bank to retain an independent consultant to review asset quality until such time as the bank implements an effective internal asset quality review system. In cases in which there is a question about the accuracy of a bank's books and records, the OCC has required banks to retain auditors to review those records, to assess their completeness and report on any deficiencies. The OCC has also ordered banks to retain independent consultants to perform annual reviews of methods used by banks to establish an allowance for credit losses. The OCC has required similar engagements by bank management to address deficiencies in a variety of other circumstances involving real estate appraisals, compensation, internal controls, and information technology systems. The majority of these cases are concentrated in community bank enforcement actions and reflect the fact that those institutions often have the greatest need for the expertise and resources that an independent consultant can provide to the banks' efforts to address deficiencies.

More recently, in a substantial number of cases, the OCC has ordered banks of all sizes to retain independent consultants to address deficiencies in compliance with the BSA and anti-money laundering laws and regulations. These actions sometimes require the retention of an independent consultant to conduct a review of a bank's BSA staffing, risk assessment, and internal controls. The goal of such an engagement is to secure a thorough analysis of the responsibilities and competence of existing bank BSA staff; to assess the levels of risk to the bank given its account activity, customers, products, and the geographic areas in which it operates; and to review the adequacy of internal controls given the risks posed by the bank's profile. Based upon that analysis, the orders typically require the independent consultant to provide a report to bank management and the bank's board of directors that includes recommendations for improvements to the bank's BSA program to ensure future compliance with regulatory requirements.

In other instances, the OCC has required the engagement of an independent consultant to conduct a review of the adequacy of actions already taken by the bank pursuant to its BSA program. These "look-backs" involve reviews of filings made by a bank pursuant to the BSA requirements. For example, a number of orders issued by the OCC have required banks to retain independent consultants to review transaction activity to determine whether Suspicious Activity Reports ("SARs") need to be filed by the bank, whether SARs filed by the bank need to be corrected or amended to meet regulatory requirements, or whether additional SARs should be filed to reflect continuing suspicious activity. The OCC has ordered similar look-backs by independent consultants of a bank's currency transaction reporting. Following these look-backs, OCC enforcement actions have required banks to amend or correct existing filings and make other filings as required for any previously unreported activity that falls within the regulatory requirements.

The OCC has also ordered banks to engage independent consultants in consumer-related enforcement actions. For example, in a number of actions to remedy significant consumer law violations, including violations of Section 5 of the Federal Trade Commission Act regarding unfair or deceptive practices, the OCC has ordered banks to engage independent consultants to identify affected consumers, to monitor payments to such consumers, and to provide written reports evaluating compliance with specific remedial provisions in the enforcement actions. Similarly, the OCC has mandated the retention of an independent consultant to assist banks in developing and implementing a restitution plan provided for in the action. Finally, the OCC has required the engagement of independent consultants with claims administration experience to assist in carrying out the payment of required restitution to customers harmed by unfair or unsafe or unsound practices.

In these and other engagements mandated by OCC enforcement actions, the independent consultants are providing expertise and resources to banks to promote compliance with regulatory obligations. The independent consultants are not playing a regulatory role. That is solely the province of the OCC.

IV. OCC Oversight of the Use of Independent Consultants in Enforcement Actions

The OCC oversees independent consultants in a number of ways. At the outset, the OCC can compel the bank to submit the independent consultant's qualifications to the OCC for prior review and non-objection permitting the agency to assess whether the independent consultant has the requisite expertise and resources. This determination is based upon the OCC's exercise of informed supervisory judgment given the particular circumstances of the bank and the deficiency that gave rise to the enforcement action. The OCC also considers the proposed consultant's existing and prior relationships with the bank and potential conflicts of interest to determine whether there is a reason to believe that the independent consultant should not be engaged by the bank.

In addition, prior to the engagement of the independent consultant, the OCC often reviews the engagement agreement to determine whether the scope of the work, the resources dedicated to the project, and the proposed timeline for completion are consistent with the intent of the enforcement action. If at any time the OCC determines that the scope of the engagement is not consistent with that intent, we can require the bank to modify or terminate the agreement.

Thereafter, the OCC oversees the consultant and the progress of the engagement through its supervisory authority over the bank. The types and frequency of interactions between the OCC, the bank, and the independent consultant depend upon the particular facts and circumstances covered by the enforcement action, the expertise and resources of bank management, and the nature of the independent consultant's engagement. For example, in some cases, the issue may be discrete and the independent consultant's role is limited to the remedial steps the bank must take to comply with the enforcement action. In such circumstances, the appropriate oversight may involve very limited interaction. In other cases, the seriousness of the violation and its consequences may require more frequent interactions between the examiners, the bank, and the independent consultant, including periodic reports and meetings, to make certain that the engagement is proceeding properly and that the bank is taking the appropriate steps to correct the deficiency. If the OCC determines that is not the case, the OCC can direct the bank to take the actions necessary to put the process back on track.

At the conclusion of the engagement, the enforcement actions often require a report of the findings and recommendations by the independent consultant to the bank's board of directors and management that is also required to be provided to the OCC. This gives the OCC the opportunity to assess whether all matters described in the action were addressed. If not, the OCC can require additional work to be performed or, if necessary, direct the bank to retain a different independent consultant. In a number of instances, the enforcement action also calls for the bank to prepare a plan to address the findings of the independent consultant. Such plans are often made subject to OCC review and non-objection before they can be implemented allowing the OCC to determine whether the underlying violations or practices will be corrected and remediation will be appropriately undertaken by the bank as called for in the enforcement action. Finally, the OCC examines the results of this entire process to validate that the bank, working with the independent consultant, has addressed and corrected the violation or unsafe or unsound practice that formed the basis for the enforcement action.

The circumstances in which independent consultants were used under the IFR pursuant to the OCC's April 2011 Consent Orders, differed substantially from the typical use of independent consultants in OCC enforcement actions. The unprecedented breadth, scale, and scope of the reviews; the large number of institutions, independent consultants, and counsel involved in the process; and the complexity of the file reviews, which involved hundreds if not thousands of decision points on each file, required substantial regulatory oversight by the OCC and the coordination of multiple independent consultants' efforts. This expanded oversight included the issuance of joint guidance with the Federal Reserve Board; examiner visitation to the work locations of each of the individual consultants involved in the IFR process; and daily communications among consultants, servicers, and OCC supervision staff throughout the entire IFR process.

V. Significant Results

The enforcement actions in which the OCC has required the retention and use of independent consultants have produced significant positive results in many cases, and the independent consultants that were retained played key roles in bringing about those results. For example, in consumer cases, the independent consultants were engaged to facilitate or ensure the payment by banks of hundreds of millions of dollars to consumers as a remedy for violations of consumer protection statutes.

Similarly, in BSA cases, the OCC's requirement that banks engage independent consultants to conduct look-backs has resulted in substantial additional filings of SARs and, in certain cases, supported the OCC's assessment of significant Civil Money Penalties in response to the identified systemic failures of the banks to meet their anti-money laundering obligations. Over the past 10 years, these BSA look-backs have resulted in thousands of additional or amended SAR filings covering approximately $23 billion in suspicious activity.

In all of these cases, the independent consultants, engaged by banks as a result of an OCC enforcement action, were instrumental in assisting the banks in addressing and correcting the underlying deficiencies and bringing about a successful supervisory outcome.

VI. Future Use of Independent Consultants

The use of independent consultants has generally served the agency well in promoting banks operating in a safe and sound manner and in compliance with law. Given the experience with the IFR, the OCC is currently evaluating its use of independent consultants and exploring ways to improve the process, particularly for situations involving significant consumer harm or law enforcement implications.

While the OCC believes its authority and use of independent consultants is generally appropriate, there is one area where we believe legislative action could be helpful. Under the current statutory scheme, the OCC faces significant jurisdictional obstacles if it seeks to take an enforcement action directly against an independent contractor.[2] A recent court decision has further elevated the standard for taking such enforcement actions.[3] The OCC would welcome a legislative change in this area that would facilitate our ability to take enforcement actions directly against independent contractors that engage in wrongdoing. Such a legislative change would be useful not only with respect to the use of independent contractors in an enforcement context but also, and perhaps more importantly, in cases where a bank has chosen to outsource significant activities to an independent contractor.

VII. Conclusion

The OCC's longstanding practice to require banks to retain independent consultants to help them meet enforcement requirements has generally worked well. Through this practice, the OCC has caused banks to address effectively a variety of operating and management deficiencies, to come into compliance with laws, rules and regulations, and to operate in a safe and sound manner. Nonetheless, we believe there are lessons to be learned from both our recent experience and our many years of experience with independent consultants, and we are exploring ways to enhance the process.

PREPARED STATEMENT OF RICHARD M. ASHTON

DEPUTY GENERAL COUNSEL

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

APRIL 11, 2013

Chairman Brown, Ranking Member Toomey, and Members of the Subcommittee, thank you for the opportunity to testify regarding the required use of third-party consulting firms (consultants) in Federal Reserve enforcement actions.

Use of Consultants by Regulated Banking Organizations

At the outset, it might be helpful to point out that regulated banking organizations routinely choose to retain consultants for a variety of purposes apart from any supervisory directive by regulators to do so. Banking organizations decide to retain consultants because these firms can provide specialized expertise, familiarity with industry best practices, a more objective perspective, and staffing resources that the regulated organizations do not have internally. In this respect, reliance on consultants can significantly contribute to the overall efficient governance and management of these organizations as well as to their safe and sound operation and their compliance with supervisory expectations and legal requirements.

Use of Consultants in Federal Reserve Enforcement Actions

In the vast majority of Federal Reserve enforcement actions, the organization itself, using its own personnel and resources, is directed to take the necessary corrective and remedial action. In appropriate circumstances, the Federal Reserve has found that it can be an effective enforcement tool to require regulated organizations to retain a consultant to perform specific tasks on behalf of that organization. However, the mandatory use of a consultant has typically not been a frequent require-

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[2] In order to take an enforcement action against an independent contractor, the OCC is required to prove that the contractor engaged in knowing or reckless misconduct that "caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the insured depository institution." 12 U.S.C. § 1813(u)(4).

[3] In *Grant Thornton v. Office of the Comptroller of the Currency,* 514 F.3d 1328 (D.C. Cir. 2008), the court held that the OCC must prove that the contractor was involved in the "business of banking" to meet the statutory jurisdictional requirements. Despite the fact that Grant Thornton was retained by the bank as a result of an agreement with the OCC to engage a nationally recognized accounting firm to conduct an audit of the bank's mortgage program and related records, the court held that the work performed by Grant Thornton did not fall within the business of banking and, therefore, the OCC had no jurisdiction to proceed.

ment in Federal Reserve enforcement actions. And, importantly, consultants are used to conduct work that ordinarily the organization itself would be required to conduct. At all times, the Federal Reserve retains authority to, and does, review and supervise the consultant's work in the same manner as if the institution conducted the work directly. In all cases, the regulated organization is itself ultimately responsible for its own safe and sound operations and compliance with legal requirements.

As a general rule, our enforcement actions require the use of consultants to perform specific functions that the organization involved should do but has shown that it cannot perform itself. This may be because a particular organization lacks the necessary specialized knowledge or experience. Similarly, the organization may not have sufficient staffing resources internally. In addition, it may be necessary to have a third party undertake a particular project because a more objective viewpoint is required than would be provided by the organization's management. Over the last 10 years, for instance, there were consultant requirements in an average of less than 15 percent of all formal enforcement actions taken by the agency. In addition to formal enforcement actions, Federal Reserve examiners may informally direct organizations to retain consultants to undertake designated engagements on behalf of the organization where circumstances warrant.

In our enforcement actions, we required the use of consulting firms to perform several limited, specialized types of work. In many of these enforcement actions, an expert third party must be retained to review and submit a report on a specific area of the organization's operations. These mandated reviews by consultants have often involved an evaluation of an organization's compliance program, its accounting practices, or its staffing needs and the qualifications and performance of senior management. These enforcement directives usually require the organization to incorporate the findings of the report into a plan to improve that particular area of operations. Federal Reserve regulators may also use the product of a consultant's work as a guide in developing the ongoing supervision of the organization.

Another type of enforcement action where use of consultants has been required involves situations where examiners have found serious past deficiencies in an organization's systems for monitoring compliance with Bank Secrecy Act and anti-money laundering (BSA/AML) requirements. In these cases, our actions have required a consultant retained by the organization to review certain kinds of transactions that occurred at the organization over a specific past period of time and determine whether BSA/AML reports were filed as required with regard to those transactions. These reviews require the consultant to identify situations where a suspicious activity report or a currency transaction report should have been filed, rather than to perform an assessment of the organization's compliance program. After receiving the results of the consultant's review, the organization would then file all the required reports with the appropriate government agencies.

Finally, in several recent enforcement actions that required organizations to identify and then compensate or otherwise remediate injured consumers, the organizations have been required to retain consultants to administer that process. In these actions, the consultants were required to make recommendations about the appropriate remediation to individual consumers or to make remediation decisions about individual consumers or review the organization's remediation decisions.

Federal Reserve Oversight of Consultant Performance

When enforcement actions require a regulated banking organization to use a consultant to carry out a particular function, the Federal Reserve oversees the organization's implementation of this directive. Our standard practice is to require the organization's retention of a consulting firm to be first approved by the Federal Reserve. We typically look at the particular expertise and experience of the selected consultant. The resources and capacity of the firm to carry out the particular engagement are also examined. Whether the consultant has the appropriate objectivity and separation from management is also a key factor in assessing the acceptability of the firm. To assess objectivity, we examine the extent and type of work that the consultant has done for the organization in the past. One guiding principle is that a consulting firm should not be allowed to review or evaluate work that it has previously done for the organization. How these factors are evaluated is necessarily determined on a case-by-case basis, depending on the specific type of task the consultant is being required to perform. However, the approval of particular consultants is not perfunctory; where warranted we have disapproved a consultant that has been selected by an organization under an enforcement order requirement.

Additionally, our general practice is to explicitly require that the letter between the organization and the consulting firm or other documentation that describes the scope, terms, and conditions of the particular engagement be approved by the Federal Reserve. Thus, we are able to assess whether the consultant's planned work

will be consistent with what was intended in the enforcement action and whether effective safeguards of objectivity will be maintained.

We also oversee the consultant's performance during the course of the engagement. This oversight can involve obtaining and reviewing interim progress reports from the consultant. We also can call for periodic meetings with consultant personnel, which can be as frequently as every week. If a consultant is not meeting the required standards of performance, we will inform the organization of the needed improvements, applying the same criteria as if the organization was performing the work with its own personnel.

In sum, it is important to note that consultants retained under Federal Reserve enforcement actions work for the organization that retained them, and the organization, not the consultant, is responsible for correcting the deficiencies that triggered issuance of the enforcement action and for preventing their reoccurrence. Requiring the use of consultants to assist in implementing corrective and remedial measures is just one tool available to Federal Reserve regulators in fashioning formal enforcement actions. Our experience has shown that consultants can be expected to provide the expertise, experience, and third-party perspective needed by the regulated banking organization to better meet supervisory objectives, including assisting the regulated organizations with correcting particular governance or operational deficiencies identified through the supervisory process. However, in deciding to use this tool in appropriate cases, the Federal Reserve does not cede its regulatory responsibilities or judgment to those consultants. We require that regulated organizations comply with the same basic standards of prudent practices and compliance with applicable laws and regulations, irrespective of whether an organization has relied on the assistance of a consultant or not.

Use of Independent Consultants in the Independent Foreclosure Review

Although it is not the specific subject of this hearing, it might be helpful to note briefly the independent foreclosure reviews required by the consent orders issued by the Office of the Comptroller of the Currency and the Federal Reserve against major mortgage servicing firms, and the role of the independent consultants required under those orders.[1] In those mortgage servicing orders, the servicers were required to retain independent consultants to review foreclosure files of borrowers within a 2-year period to identify financial injury caused by servicer error. Recently, the regulators and 13 of the servicers subject to the foreclosure orders entered into agreements under which these servicers must make cash payments to borrowers and provide other borrower assistance. These payments and other assistance replace the independent foreclosure review by independent consultants that had been required of these servicers under the initial orders.

As we have explained, the regulators accepted these agreements with the 13 servicers because the agreements provided the greatest benefit to borrowers potentially subjected to unsafe and unsound mortgage-servicing and foreclosure practices in a more timely manner than would have occurred under the review process. In practice, for these servicers, the scope of the inquiry required of the consultants to conduct the independent foreclosure review proved over time to be more expansive, time-consuming, and labor-intensive than what is typically required of consultants in Federal Reserve enforcement actions. The result was significant delays in providing funds to consumers. Accordingly, the decision to replace the review of individual foreclosure files by the consultants with agreements to pay cash and provide other assistance to borrowers was based on the specialized and unprecedented nature of the particular reviews the consultants were required to undertake.

Thank you again for the invitation to appear before the Subcommittee today. I would be pleased to answer any questions you might have.

PREPARED STATEMENT OF KONRAD ALT

MANAGING DIRECTOR, PROMONTORY FINANCIAL GROUP, LLC

APRIL 11, 2013

Mr. Chairman and Members of the Subcommittee, my name is Konrad Alt. Since 2004, I have been a Managing Director of Promontory Financial Group, based in our San Francisco office. Prior to joining Promontory, I held senior executive positions in the financial services industry and at the OCC, and served as counsel to this

[1] Of the 16 servicing organizations subject to enforcement actions requiring independent foreclosure reviews, 10 are regulated by the Office of the Comptroller of the Currency, four are regulated by the Federal Reserve, and two organizations are regulated by both agencies.

Committee. I am pleased to appear before you. My colleagues and I are grateful for your leadership on the important topic of this morning's hearing.

My firm, Promontory Financial Group, has served as a formally designated independent consultant dozens of times, in connection with the enforcement activities of over a dozen different regulatory and law enforcement authorities, domestic and foreign. We believe our firm is well-suited to this role, and we take pride in these assignments. We appreciate, however, that the use of private-sector resources to further public purposes can present special challenges. We are pleased to discuss our experience with those challenges with this Subcommittee today.

Your invitation letter raised nine specific questions. I will address each of them in turn.

Promontory's Business Framework

Your first question asked that we address Promontory Financial Group's business framework and how independent consulting fits into that framework.

Broadly speaking, Promontory Financial Group's business centers on helping financial institutions meet their business challenges in a manner consistent with regulatory requirements and expectations. Clients typically come to us for assistance in strengthening a particular aspect of their risk management or corporate governance, or because they want an independent assessment of whether some aspect of risk management or corporate governance needs strengthening. Our clients range from large, complex broker-dealers and central banks to credit unions and community lenders, and our work takes many forms. For example, we may be enlisted to help test risk models, run stress tests, administer compliance reviews, review board performance, perform a mock examination, or recommend improvements in operational risk reporting. Depending on the assignment, we can recommend improvements to strengthen corporate governance or risk management, bolster capital and liquidity, or better protect consumers. And, when approved to serve in a formally independent capacity, we can support the efforts of regulators by providing additional subject matter expertise or simply additional arms and legs.

Our assignments are often challenging. They require us to synthesize many different types of information, to perform complex analyses, and to formulate and deliver actionable recommendations, often under short deadlines. Our work can have important consequences for the institutions we work with, for the individuals who work in them, and for their customers. We have a responsibility to take these assignments seriously, and we do.

We believe that expertise, experience, and integrity are fundamental to our success, and we work hard to build and maintain a team of senior professionals who can deliver those qualities to our engagements. Many of our senior professionals have decades of experience. They know the laws and regulations deeply, and believe that compliance with them is centrally important to the fair and efficient operation of our financial system. More than that, they understand the expectations of financial regulators and can draw on their long experience to see where regulatory issues may arise.

Notwithstanding that regulators have approved the Promontory Financial Group as an independent consultant many times, these assignments comprise only a small part of our caseload, less than 5 percent of the nearly 1,500 engagements we have undertaken during the twelve years of our firm's existence.

Promontory's Experience as an Independent Consultant

Your second question asked that we address Promontory Financial Group's experience as an independent consultant.

Promontory Financial Group's business model requires us to bring a high level of independent judgment to all of our engagements, not just when we are formally designated as independent consultants. If we merely told our clients what they want to hear, we would lose credibility when the regulators show up and tell them something different, and our business would suffer accordingly. We have to have sufficient expertise to diagnose the issues and the solutions accurately. We have to have the integrity to take our diagnosis to the most senior levels of management and the board, even when our news and views are unwelcome. And we must have enough tact and diplomacy to communicate a tough message in a way that leads to constructive action.

Our independent consulting assignments have involved over a dozen different regulatory authorities, including securities regulators, banking regulators and other law enforcement authorities, both domestically and internationally. These assignments have been disparate in nature. Many have focused on review of a specific body of transactions, such as, for example, the recently concluded foreclosure review assignments. Others have entailed evaluations of management teams or boards of

directors. The scale and complexity of these assignments has also varied considerably. Some have been large, complex, and extended projects, but many have been quite small and narrowly focused.

Qualifications of Independent Consultants

Your third question asked about the qualifications of independent consultants. Let me first address our view of the necessary qualifications and then speak to our experience working with regulators as they attempt to evaluate our qualifications.

Given my preceding comments, it should not surprise you that we believe the most important qualifications for independent consultants are subject matter expertise and integrity. Expertise is particularly important. A consultant without sufficient expertise cannot accurately identify issues or appreciate their significance, and may not notice when something seems a little off and know to dig deeper for an explanation. That consultant is at risk both generally of doing a poor job and specifically of being unduly influenced by management views. But expertise is not enough. A consultant who lacks the integrity to deliver a tough message will, if a tough message is in order, deny the institution an adequately clear understanding of both the problem and the solution.

In our experience, regulators look for essentially the same qualities. Characteristically, before approving our firm to serve as an independent consultant, a regulator will ask us to answer a number of questions that go to both our expertise and our independence. To judge by the questions they pose in evaluating our credentials, most regulators take similar approaches to evaluating expertise. Typically, they will want to know both about our firm's experience working in the subject matter under review, and about the qualifications of the individual or individuals proposed to lead and carry out the engagement. For example, if Promontory were proposed to perform an independent review of a consumer compliance issue, we would expect the regulator to inquire about our firm's experience in performing similar reviews, and about the specific qualifications and experience of the individual or individuals slated to conduct the review on behalf of our firm.

The questions we receive relating to independence, by contrast, are more varied, and tend to focus on the presence or absence of red flags suggesting a potential conflict. For example, in my own recent experience, one agency seemed particularly concerned with establishing that members of our team were free from past employment relationships or personal investments that could compromise their independence. Another focused on the nature and extent of past business relationships. A third wanted assurance that we would structure the working relationships with the institution to maintain our independence appropriately, for example, by memorializing all communications with the institution for potential regulatory review. Regardless of the specific concerns of the agency involved, we cooperate fully with all requests for information and, of course, accept the regulator's judgment as to our fitness for service as an independent consultant.

Working Relationships with Regulators and Financial Institutions

Your fourth and fifth questions asked about the working relationship between independent consultants, regulators, and financial institutions and the nature of regulatory oversight we experience. As these questions are related, I will address them together.

In our experience, regulatory agencies all employ a range of oversight methods with regard to the independent consultants that work for them. Not surprisingly, the nature and extent of regulatory oversight we experience varies according to the nature and complexity of the review in question. In a small project—for example, a short, independent review of the management team at a community bank—regulatory oversight may consist simply of presenting our final report to a regulatory examination team and responding to any questions they may have about our findings and recommendations. In larger, more complex assignments, regulators will commonly deploy additional oversight methods, which can include review and signoff on our review methodology; receipt of regular status reports, usually in writing and often in combination with periodic in-person or telephonic meetings; sampling of our results; review of our workpapers; review and signoff on preliminary findings and recommendations; and deployment of field examiners to monitor the conduct of our review teams. We welcome all of these oversight methods and cooperate fully with them.

Recognizing that the goal of an independent review is to satisfy the regulator's requirement and that, in performing an independent review, we are working for the regulator, we generally try to structure a working relationship with the regulator that is as transparent as we can make it. Transparency helps to ensure that any questions or concerns the regulator may have about our work surface proactively,

and allows the regulator to have confidence that we are pursuing our responsibilities thoroughly and professionally. To facilitate transparency, we will often incorporate into our working relationship with the regulator some of the same practices I have just mentioned. For example, we may on our own initiative solicit regulatory feedback on a proposed methodology or initiate periodic written or in-person status updates to the regulators.

Our practices in regard to the financial institutions involved are similar. In general, we strive to be transparent, to avoid surprises, and to build confidence that we are approaching the review in a manner well-suited to identify and address the issues that have triggered regulatory concern. And, as with the regulators, we pursue this objective primarily through regular communication.

Unless regulatory direction or some special characteristic of the assignment dictates otherwise, we commonly will provide the financial institution with our preliminary results, either as we develop them or in the form of a preliminary report. We do this primarily for purposes of fact checking. The institution has a strong incentive to highlight any information we may have missed or misunderstood, and we want our work to be as factually accurate and as complete as possible. Not incidentally, this practice is also helpful in enabling management to begin to understand and accept the results of our review. To help ensure that management pushback in this process doesn't compromise the independence of our review, we make it clear to management that we are soliciting factual corrections only, and often provide the same preliminary results simultaneously to the regulators. We carefully track both the responses we receive from the institution and the changes, if any, we make in response to them, so that regulatory personnel will have a complete audit trail in case they wish to evaluate whether we have maintained appropriate independence.

Potential for Compromised Quality

Your sixth question concerns the potential for preexisting contractual or business relationships to compromise the quality of consultant services.

In some circumstances, prior work with a particular institution will constitute an absolute bar to taking on an independent review assignment. We could not, for example, undertake to review as an independent consultant issues or programs we had previously reviewed, and we have declined work in such circumstances.

More commonly, however, our prior work will not be related to the subject matter of the independent review. In those circumstances, prior to applying for the independent consulting assignment, we will try to make a judgment taking into account the nature of the prior work, the extent of past dealings, how long ago they occurred, and whether we have the ability to establish appropriate ethical safeguards to ensure that past relationships do not compromise our independence. We typically make these judgments in consultation with both the regulator and the institution involved. The regulator always has the final say.

The challenges we face in this area are not unique to our firm or to the work we do as a formally designated independent consultant. All professional services firms, if they stay in business for any length of time, develop a history of past assignments and past clients, and must develop techniques for recognizing and mitigating the conflicts that such a history can present.

Promontory Financial Group seeks to safeguard its independence and the quality of its reviews in three ways.

First, we pay attention. We know that conflicts could compromise the quality of our work, or undermine confidence in our work, and we try to adopt and maintain reasonable safeguards to mitigate these risks. Depending on the issues presented, these safeguards have included the establishment of ethical walls, the prohibition of individuals with personal relationships or past employment histories with the client from serving on an engagement team, and prohibitions on soliciting other business from institutions where we have ongoing independent consulting responsibilities. In the recently concluded foreclosure review, for example, we established toll-free hotlines to allow all project team members to raise anonymously any concerns they might have about breaches of independence, and we supplemented those hotlines with recurring internal communications efforts, underscoring our commitment to independence, integrity, and professionalism. When such safeguards are not sufficient, we can decline and have declined assignments.

Second, we can often structure the engagement in such a way as to enhance our independence, for example, by establishing that, in our dealings with the institution, we will report to an independent unit of management, such as the internal audit or risk function, or to an independent committee of the board of directors. Regulatory enforcement actions requiring the use of an independent consultant not infrequently require the establishment of a committee of independent directors to over-

see the consultant's work. We have found such arrangements a useful safeguard in many engagements.

Finally, and most importantly, we maintain a senior team of professionals with strong personal stakes in their individual reputations, and the firm's collective reputation, for integrity and professionalism. We constantly impress upon that team the importance of maintaining those reputations by executing our engagement responsibilities with uncompromising professionalism. We have turned down and will continue to turn down business when we feel we cannot pursue it at a level of professionalism consistent with our standards.

Legal Obligations to Institutions and Regulators

Your seventh question asked what legal obligations Promontory Financial Group has to both the regulated financial institution and the financial regulator during an independent review.

Promontory Financial Group is not a regulated entity and we rarely contract directly with regulatory authorities. As a general matter, our legal obligations are set forth in detailed engagement letters that we enter into with the financial institutions that are the subject of our reviews. In situations where we serve as formally designated independent consultants, these engagement letters will often incorporate portions of the relevant enforcement action by reference. Although executed by Promontory Financial Group and the financial institution, these letters are commonly subject to regulatory review and, at regulatory direction, often include express language describing our obligations to regulatory authorities while serving as an independent consultant. Although the financial institution may be our contractual counterparty in these engagements, the regulator is effectively our client and we serve at the regulator's pleasure.

Regulatory Activities that Independent Consultants Cannot Perform

The eighth question in your invitation letter asked that we address regulatory activities that independent consultants cannot perform, and inquired how we might report compliance issues we identify that are outside the scope of a particular assignment.

We believe the answer to the first part of this question is simple: consultants cannot perform regulatory activities. Regulation is the domain of public officials, accountable to Congress and the American people. Private consultants, independent or otherwise, are advisors, nothing more. We don't make regulations. We don't issue guidance. We don't assign examination ratings. And we don't bring enforcement actions. We can make recommendations to regulators but we cannot and do not perform regulatory activities. Even when we act as a formal independent consultant pursuant to a regulatory enforcement action, our findings and recommendations have no effect until and unless the regulators adopt them. In our experience, regulators all over the world take that review and approval responsibility seriously.

As to the second part of your question, our engagements always have a defined scope. We do not actively look for issues outside of that scope. How we would proceed if we nonetheless found such an issue would depend on the facts and circumstances of the situation. Whether we would escalate it to the attention of regulatory authorities might depend, for example, on whether the institution had already escalated the issue on its own initiative.

Other Relevant Policies and Practices

Your invitation letter's final question asks us to describe other practices that Promontory Financial Group has established to ensure high quality and consistent oversight of financial institutions.

In general, Promontory Financial Group is not in the business of providing oversight. As I have noted, we are consultants, not regulators. We may assist an institution in self-monitoring, a form of internal oversight, or we may, pursuant to a regulatory enforcement action, assist the oversight efforts of an agency at a particular institution.

In these activities, and in all of our activities, quality and consistency matter to us. Both domestically and internationally, my Promontory Financial Group colleagues and I have worked to build what we believe is the world's leading consultancy in our area of practice. We seek to promote quality principally by hiring the most experienced and expert talent we can find to lead our engagements, and then by giving those leaders the support they need to do their very best work. That support includes an outstanding pool of mid-level and junior talent to staff their engagements, as well as systems resources and education, training, and quality assurance programs to help them recognize and address consistency issues.

Concluding Observations

The use of private sector resources to support the activities of Federal regulators raises a number of legitimate public policy questions. My colleagues and I applaud this Subcommittee's interest in seeking assurance that the firms enlisted in such roles are qualified, and can be depended upon to support the public interest without compromise. I hope my responses to the questions your invitation letter posed have been helpful. I will be pleased to address any additional questions you may have for me this morning.

PREPARED STATEMENT OF JAMES F. FLANAGAN

LEADER, U.S. FINANCIAL SERVICES PRACTICE
PRICEWATERHOUSECOOPERS LLP

APRIL 11, 2013

Chairman Brown and Ranking Member Toomey, thank you for the opportunity to provide this written testimony on behalf of PricewaterhouseCoopers LLP ("PwC"). I lead PwC's financial services practice. In this role, I help manage and oversee the firm's diverse services to the banking and capital markets, insurance, and asset management sectors.

While the vast majority of our consulting engagements are unrelated to Government enforcement proceedings, from time to time we have served as an independent consultant in relation to regulatory safety and soundness or compliance enforcement orders involving financial institutions. The most recent examples of such work are the Independent Foreclosure Review ("IFR") engagements that the firm performed for four mortgage servicers, under the oversight and guidance of the Federal Reserve Bank (the "Fed") and the Office of the Comptroller of the Currency ("OCC"). I was one of the senior firm leaders who oversaw our IFR engagements for the past 2 years.

In this written testimony, I will first describe briefly the full range of services that our firm provides for financial institutions, with emphasis on the history, nature, and scope of our financial services regulatory advisory practice. Next, I will provide the Subcommittee with our perspective on the usual role of the independent consultant in matters relating to agency enforcement orders. In so doing, I will specifically address the standards of professionalism and objectivity to which PwC adheres when performing regulatory consulting engagements, including ones related to agency enforcement orders. Finally, as an example of recent experience in this type of work, I will share some observations about our role as Independent Consultant in the IFR engagements.

I. PwC and its Financial Services Practice

PwC is a U.S. partnership with over 37,000 dedicated employees, principals, and partners. We provide an array of professional services to public and private companies, the Federal Government, State and local governments, and individuals. We have built our brand through the delivery of quality services to our clients and by performing those services with integrity, objectivity, and professionalism.

We provide professional services to clients in more than 16 industry categories, including financial services. Our financial services practice provides audit and other permitted services to financial services clients, as well as a full range of expertise and services—including tax, regulatory, compliance, and risk management services—to our non-audit clients. Our clients include national, regional and local banks, mortgage servicers, asset managers, insurance companies, and private equity firms. Through the provision of diverse services to the full range of financial service entities, we have developed broad and deep experience in considering and helping our clients address regulatory and compliance matters. Our work on such matters on behalf of our audit and tax clients has contributed to—and regularly benefits from—the expertise of the financial services regulatory advisory practice.

Although regulatory advisory work to financial services clients is just a small fraction of the overall work that we do, I will discuss it further given the Subcommittee's interest in these services. For PwC, this year marks the 25th anniversary of our financial services regulatory advisory practice. The practice began just before the passage of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991. Understanding these landmark laws, their implementing rules, and their impact on our clients, was important to performing our core client services. As a consequence of the deep learning we developed in the evolving financial services regulatory arena,

financial institutions increasingly came to us for advice as they developed their approaches to regulatory compliance.

From our vantage point, the demand for financial services regulatory advisory services has only increased with the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"). As the Subcommittee knows, Dodd-Frank made scores of important changes to banking and securities laws, including the creation of new types of regulation, new ways of regulating financial institutions, new regulatory agencies, new regulation for some firms, and new regulators for other firms. To meet our clients' needs, we have been expanding our regulatory advisory practice, tapping risk, technology and other areas within our firm, and hiring a number of experienced professionals. These individuals—and our regulatory practice as a whole—do not lobby Congress or the agencies or otherwise advocate for our clients before the agencies. Rather, we combine our regulatory expertise and experience with our accumulated market knowledge to advise clients that operate in a highly regulated industry on solutions to their complex business challenges.

Because there is a regulatory aspect to virtually every service or product financial institutions offer, regulatory considerations play a central role in our clients' strategies and business models. We consequently view our regulatory advisory practice as an important part of the full range of client services we provide. While most of our financial services advisory work involves assisting clients in their efforts to better understand and comply with emerging regulatory matters, we are occasionally engaged in connection with regulatory enforcement proceedings to assess historical practices, advise on remediation of past regulatory infractions, or evaluate compliance with a regulatory mandate.

II. Matters in which Financial Institutions Are Subject to Consent Orders or Decrees

A. The Role of the Independent Consultant

In our experience, the scope and substance of an independent consultant's work depends on the agency order and on the particular circumstances of the financial institution. There is neither a one-size-fits all consent order nor a typical independent consultant role.

While the nature of the independent consultant's role will depend on the agency order, a few general observations based on our experience may help the Subcommittee:

- Though not all agency or law enforcement orders require financial institutions to hire independent consultants in connection with required remediation, financial institutions subject to enforcement actions often hire outside consultants to assist in responding to adverse regulatory actions. In those circumstances, the outside consultant is usually hired both for its substantive expertise and experience in the area and for its objectivity.
- Independent consultants often are retained in enforcement-related matters because of their specialized expertise in areas that the financial institution is required to remediate. Those areas often include: corporate governance; credit, market, or enterprise risk management; technology; internal audit; compliance; and regulatory reporting. While financial institutions often have experienced professionals working in those areas, they may lack specialized expertise to address matters of particular complexity.
- In particularly large or difficult cases, independent consultants can be used to provide the scale of assistance and review that neither the financial institution nor the enforcement agency can dedicate to the matter.
- In some instances, the independent consultant is retained to make an independent assessment of whether an institution has done what the agency required and/or to monitor the institution's satisfactory compliance with the order's requirements.

Although the appropriate qualifications for an independent consultant vary depending on the nature of the underlying proceeding, the usual prerequisites for an independent consultant include:

(1) Significant subject matter experience and expertise;
(2) A track record of integrity, objectivity, and impartiality, such that the consultant's advice will be respected;
(3) Significant experience managing projects of the size or complexity at issue; and

(4) Sufficient dedicated personnel and resources to perform quality work promptly and in a cost-effective manner.

Of these qualifications, project management is an often overlooked but an invaluable skill, given that many independent consulting roles involve substantial matters of great complexity. While a professional services firm might be a subject-matter expert and have a sterling ethical reputation, those attributes alone may not ensure a successful project when the scope of the work requires substantial dedication of resources. For that reason, large or complex projects require a consultant that has relevant experience managing significant engagements and is able to organize a comprehensive undertaking that includes: appropriate professional training and supervision; consistent, reliable, and robust processes, procedures, and controls; and efficient and cost-effective service delivery. Moreover, the independent consultant must possess the competence and reputation for integrity necessary to have frequent, meaningful, and reliable interaction with regulators.

B. PwC's Objectivity

Our regulatory advisory engagements generally are performed under the consulting standards promulgated by the American Institute of Certified Public Accountants ("AICPA"). Among other things, the AICPA standards require that we perform our work objectively and free of any conflicts of interest.

In an effort to maintain our objectivity and impartiality on all of our professional services engagements, PwC has implemented a system of processes and controls that governs which engagements we will pursue and accept, the scope of services that we can and will provide to a client, and any engagement-specific measures that need to be implemented. Further, we may tailor additional processes and controls to address circumstances that are particular to an engagement or set of engagements. For example, given the nature of the IFR engagements, we implemented additional procedures to identify and monitor any potential new engagements that reasonably could be viewed as implicating our ability to perform the IFR engagements with objectivity and impartiality. As a consequence of those controls, we declined to pursue several engagement opportunities.

III. The IFR Engagements

We believe that it may be helpful to the Subcommittee to briefly discuss our experiences with the IFR engagements, in light of the general principles that we have discussed above.

A. PwC's Retention and Approach to the IFR Engagements

As the Subcommittee knows, in April 2011, the Fed and the OCC entered into consent orders with 14 residential loan servicers that required, among other things, that those servicers retain Independent Consultants to review their foreclosure-related actions in 2009 and 2010. Four servicers retained PwC as their Independent Consultant.

Our engagements were performed in accordance with (1) the consent orders that the servicers entered into with the Fed or the OCC; and (2) the specific terms of the engagement letters with each servicer, which required regulatory review and approval before they were final. The four servicers for which PwC acted as Independent Consultant are: GMAC Mortgage ("GMAC") and SunTrust Mortgage ("SunTrust"), both of which are regulated by the Fed, and U.S. Bank National Association ("U.S. Bank") and Citibank N.A. ("Citibank"), both of which are regulated by the OCC. Three of the servicers for which PwC acted as Independent Consultant joined the January 2013 settlement. Our IFR work on the GMAC engagement continues.

While much of the recent focus has been on the goal of identifying and remedying financial harm to individuals, the Fed and the OCC directed the Independent Consultants to: first, identify servicer errors, regardless of whether they caused financial harm to borrowers; and, second, determine which servicer errors caused financial harm to the borrowers. The consent orders and regulator-approved engagement letters established the Independent Consultants' scope of work and specified many of the procedures to be followed. Moreover, the regulators guided and supervised the work as it was performed.

Despite the detail in the consent orders and in the engagement letters, the scale and complexity of the IFR engagements were unprecedented and had not been entirely anticipated before the engagements began. As the Government Accountability Office ("GAO") noted in its report last week, the IFR engagements involved applying hundreds of procedures to thousands of loan files to identify potential errors in dozens of different categories. No two borrower files were the same and often lacked relevant documentation, requiring that engagement teams identify gaps or defi-

ciencies in documentation and request the missing material from the servicers. Further, servicers' legal obligations varied by State, and legal advice provided to the Independent Consultants evolved, as the Independent Legal Counsel (engaged by the servicers pursuant to the orders to provide advice on the laws of the more than 50 relevant State and Federal jurisdictions) took stock of the distinct and sometimes inconsistent Federal and State laws. As the engagements progressed, the regulators also added to the elements of the loan file that needed to be reviewed. Indeed, aspects of the legal and regulatory guidance remained unresolved even as late as January 2013. Together, these challenges placed a particular premium on the thoroughness of reviewer training and the quality and competence of the reviewers themselves.

B. The Objectivity of Our IFR Engagement Teams

From even before our formal engagement, we adopted procedures to maintain our objectivity and impartiality:

- In advance of our engagements by the servicers, we disclosed to the Fed and the OCC all recent and ongoing relationships with the servicers that were considering engaging us as Independent Consultant. We were engaged only after the Fed and the OCC considered that information and approved both our engagement by the servicer and the terms of our engagement letters;
- Our engagement letters mandated that we perform our IFR engagements with objectivity and impartiality and that we report to the regulators any attempts by a servicer to interfere with our efforts; and
- We tailored our controls to mitigate any risk that our IFR engagement teams might be subject to inappropriate information or influence.

When, in May 2012, the OCC requested that the Independent Consultants submit for regulatory approval certain types of prospective engagements, we set up an internal process to identify any potential covered engagements and agreed to seek regulator approval for certain types of prospective engagements.

C. Our Services Were Rendered by Experienced, Talented, and Well-Trained Professionals

We staffed our IFR engagement teams with qualified PwC professionals and provided them with substantial, multi-week training. At its peak, our IFR engagements involved over 1,500 PwC professionals working at multiple locations around the country. We addressed the complex and dynamic nature of these engagements by establishing processes designed to take advantage of the scale of that effort while providing appropriate controls for our work.

Critical to large and complex engagements is having systems that provide for consistently applied standards and procedures within the engagement. For the IFR engagements, each engagement team performed three core levels of review: (1) the primary review teams examined each of the files designated for examination; (2) a secondary team of professionals reviewed that work to provide coaching and guidance to the primary reviewers; and (3) our tertiary reviewers then assessed the overall work. The tertiary reviewers were responsible for examining all of those files identified as containing potential errors and selected samples of files for review based on a variety of factors. PwC supplemented the training provided to the professionals assigned to these tasks based on the complexity of certain loan files, with particular attention to issues such as errors related to the Servicemembers Civil Relief Act.

In addition to the three-tiered review within each engagement, PwC formed a centralized Quality Assurance ("QA") team that tested the work of each IFR engagement team. The QA team consisted of experienced file review professionals. The team's charter was to assess the quality of the engagement teams' file reviews, to provide feedback to those teams on the quality of the file reviews, to follow up on any identified issues to help train the professionals assigned to review files, and periodically to report the QA team's observations to the OCC and the Fed.

Finally, within the bound of our obligations to maintain client confidentiality, the leaders of the PwC IFR engagement teams regularly communicated with each other to share their experiences and to address common issues of process, technology, and regulator guidance. This collaboration played an important role in promoting efficient execution of our engagements.

D. PwC Cooperated Fully and Was Transparent with the Regulators

The Fed and the OCC directed the scope and detail of the IFR process from its inception. The regulators established the initial scope of work through the April 2011 consent orders and through review of the procedures set forth in each of the engagement letters that they approved. Throughout the IFR engagements, the regu-

lators provided additional procedures, issued new instructions, and adjusted the scope of work. These modifications came through written and informal guidance from the regulators' Examiners-in-Charge ("EICs") and through regulators' periodic discussions with the Independent Consultants, as a group and individually.

PwC worked closely with the OCC and the Fed throughout the IFR engagements. Shortly after the file review segment of the IFR engagements began in earnest, we provided the regulators with weekly written and oral status updates on our work; we met with the regulators for more extensive discussions about the IFR effort on a number of occasions; beginning in 2012, we provided cost and hours reports to the regulators; and we interacted regularly with the servicers' EICs. The regulators assessed the progress of PwC's IFR work, visited the loan review sites, and met with our engagement teams. When necessary, PwC sought and received guidance on uncertain or unresolved issues.

Because of PwC's role as an objective and impartial Independent Consultant—and our consequent sensitivity to being perceived as an advocate for the servicers—we were careful to avoid exerting inappropriate influence over the ongoing execution of the IFR process. PwC instead followed the procedures mandated by the regulators, raised questions with the regulators when challenges arose or became apparent, and continued as efficiently and effectively as possible to satisfy the engagement letters' mandate to (1) identify servicer errors related to foreclosure proceedings in 2009 and 2010, irrespective of borrower harm, and (2) determine instances where borrowers suffered financial harm because of servicer error or misconduct.

IV. Conclusion

On behalf of my partners and colleagues at PwC, I would like to thank the Subcommittee for the opportunity to provide this written testimony. I look forward to the opportunity to discuss these matters further and to answer your questions during the upcoming hearing.

PREPARED STATEMENT OF OWEN RYAN

PARTNER, AUDIT AND ENTERPRISE RISK SERVICES
DELOITTE & TOUCHE LLP

APRIL 11, 2013

Chairman Brown, Ranking Member Toomey, other Members of the Subcommittee, good morning. My name is Owen Ryan and I lead the Advisory practice at Deloitte & Touche LLP ("Deloitte"). Our Advisory practice offers a wide range of services to clients in most major industries. Our services include:

- Cyber, security and privacy;
- Governance, regulatory and risk management;
- Finance operations and controls transformation;
- Financial accounting and valuation;
- Internal auditing; and
- Mergers and acquisitions.

I am a certified public accountant and have more than 28 years of professional experience. I serve on both the Deloitte & Touche LLP Board of Directors and its Executive Committee.

In your invitation you asked our Firm to discuss our role as independent consultant for financial institutions, and the role of independent consultants more generally. Before I do so, I would note that we served as the independent consultant on the mortgage foreclosure review for JPMorgan Chase. My remarks, I believe, will be responsive to your invitation letter and generally be applicable to our foreclosure review engagement. I would also note that Deloitte is not a law firm, and therefore my testimony today is not based on legal analysis, but is instead based on my professional experiences.

Deloitte member firms employ more than 190,000 individuals globally and the United States firms employ almost 60,000 people. We provide professional services in four key areas—audit, advisory, tax and consulting. Our business framework allows us to provide a wide range of professional services, based on the needs of our clients. While independent consulting engagements do not represent a substantial portion of our business, I can assure you that we take our role seriously. We strive to fulfill our professional obligations to provide independent, objective and quality services, consistent with the highest standards of our profession.

Before accepting a role as independent consultant, our firm determines if we have the requisite experience, qualifications and appropriate number of professionals to execute our responsibilities. Our professionals serving on these types of engagements generally have auditing, consulting, industry or regulatory experience. Supplemental training on rules and regulations pertinent to each engagement may be necessary. In addition, it may be important for these professionals to have experience working on, or handling, large-scale, complex and evolving engagements. We believe we were well qualified to serve as the independent consultant for the foreclosure review.

We know from our experiences that it is important to maintain open communication and an appropriate working relationship among the independent consultants, the regulators and the institutions being monitored. Frequently scheduled meetings and timely reporting are important mechanisms for communicating our approach and progress.

Independent consulting engagements often result from regulatory directives. As such, these engagements are subject to the oversight of regulators, as determined by their requirements. These requirements generally include regulatory approval of the independent consultant and the scope and methodology to be used.

Given the relatively small number of firms with the scale and expertise required to serve as an independent consultant on large engagements, it is often the case that a firm will have some previous relationships with an institution. Our policies and procedures are designed to ensure that each engagement is approached with due professional care, objectivity and integrity, consistent with American Institute of CPAs Consulting Standards. These policies and procedures include disclosing to the regulator our previous relationships with the institution before accepting the engagement. Circumstances may also dictate the need for us to decline the engagement altogether.

The engagement letter generally defines our professional obligations. As part of our engagement acceptance procedures, we would identify any regulatory considerations that are not within our purview and expertise as an independent consultant. To the extent we become aware of compliance issues outside the scope of our purview, we would obviously fulfill all reporting obligations to the regulator.

Deloitte policies and procedures promote the delivery of consistent, high quality services in our independent consulting engagements. Quality control and assurance are integral to the success of all of our engagements, and we take care to build them into the design, execution and review of our projects. We conduct mandatory training for our professionals and rigorously monitor the quality of our work on our independent consulting engagements.

As a firm, we have been in business for over 100 years. We know that our reputation is our most important asset. As such, independence, integrity and objectivity are of paramount importance to us. We take very seriously our professional obligations. We have an overriding commitment to excellence in everything we do.

I thank you for providing me with this opportunity to testify and would be happy to answer any questions you have.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM DANIEL P. STIPANO

Q.1. In response to a question regarding the OCC's current standards for determining the independence of consultants hired by financial institutions, you stated that the OCC had not "reached the point of putting pen to paper" to outline its policies for a consultant's independence, despite the fact that the OCC has required financial institutions to retain independent consultants in approximately one third of its approximately 600 formal enforcement actions over the past 5 years.

Has the OCC established a procedure to develop these requirements, including the factors to be considered, the parties to be consulted, and the timeline for rules?

Given the issues raised and recent concerns about independent consultant conflicts and performance, does the OCC feel that it is appropriate to continue requiring institutions to hire independent consultants without having a policy in place?

Will this policy be available for review by financial firms, consulting firms, Members of Congress, and the public?

A.1. The OCC is currently in the process of developing guidance for the use of independent consultants in enforcement actions. The guidance will cover the due diligence expected of an institution in proposing potential independent consultants, the review conducted by the OCC of the proposed consultants, the criteria for assessing the competence and independence of the consultants, the level of oversight by the OCC of the consultant engagement, and the validation conducted through the examination process of the work of the independent consultants.

As noted in my testimony, the majority of the enforcement actions requiring the retention of an independent consultant were put in place as a result of operational and compliance deficiencies in community banks. In many of those instances, the community bank lacked the necessary expertise and resources to correct the problems on their own. The use of independent consultants was essential to ensure that the bank took the requisite corrective action to operate safely and soundly and in compliance with the law. In such circumstances, the consultant's expertise, available resources and independence from the activity under review were critical factors for the success of the engagement. At the conclusion of these engagements, the OCC verified that the bank, working with the independent consultant, had addressed and corrected the violation that gave rise to the requirement in the enforcement order. These cases raise few, if any, issues concerning conflicts and performance and the OCC intends to continue to require banks, including community banks, to hire independent consultants in appropriate circumstances.

In these and other more complex cases, it is important to ensure that the independent consultant has not been involved in the activities under review and has no potential conflicts of interest or current or former relationships with the bank that indicate that the consultant should not be engaged by the bank. These current standards of the OCC, derived from the agency's successful past use of independent consultants, will be formalized in the guidance together with appropriate additions derived from our ongoing evaluation of the use of independent consultants and exploration of ways to improve the process.

The OCC intends to issue the guidance to examiners as a Supervisory Memorandum.

Q.2. In your testimony you noted that the "types and frequency of interactions between the OCC, the bank, and the independent consultant depend upon the particular facts and circumstances" and that in some cases "the appropriate oversight may involve very limited interaction." In light of the issues found during the "expanded oversight" of consultants' work during the Independent Foreclosure Review and reports of consultants' poor performance during reviews resulting from poor Bank Secrecy Act anti-money laundering compliance, does the OCC see any need for changes in its oversight of the work of independent consultants?

A.2. In my testimony, I was referring to the range of interactions between the OCC, the bank, and the independent consultant. I noted that such interactions depended upon the particular facts and circumstances covered by the enforcement action, the expertise and resources of bank management, and the nature of the consultant's engagement. In cases with discrete issues and a limited role for the independent consultant, "appropriate oversight may involve very limited interaction."

A typical example would be an order requiring a community bank with insufficient expertise to engage an independent consultant to conduct reviews of a bank's loan portfolio until the bank is able to demonstrate that it has an effective internal asset quality review system. The discrete nature of the engagement together with the fact that the OCC regularly examines the results of the loan review mean that there is limited need for ongoing oversight of the engagement. We would reach the same conclusion where we require a community bank to engage an independent consultant to address other operational or managerial deficiencies. As noted in my testimony, those situations account for the majority of the orders issued by the OCC requiring the engagement of independent consultants.

That simple scenario is very different from a more complex engagement represented by the Independent Foreclosure Review (IFR). As noted in my testimony, the cases involving significant consumer harm and law enforcement implications require additional oversight and, in the case of the IFR, the OCC engaged in an unprecedented level of interaction with the independent consultants. The OCC is currently evaluating its use of independent consultants in such circumstances and exploring ways to improve the process. The conclusions reached by the OCC will be reflected in the guidance currently under development.

Q.3. While the OCC and the Federal Reserve sought to increase transparency in the use of independent consultants in the case of the Independent Foreclosure Review by publishing engagement letters between servicers and their consultants, in many cases redactions removed information that could shed light on the consultants' independence and the quality of reviews. For instance, in Bank of America's engagement letter with Promontory Financial Group, Promontory's more than two and a half page conflicts of interest policy (Attachment C) is fully redacted. Why was this policy fully removed when it was put in place to ensure transparency and quality reviews, and how would the affect of disclosing such a policy negatively impact the supervisory and enforcement process?

A.3. Only limited proprietary and personal information was redacted from the public engagement letters. Examples of information that was redacted included: names, titles and biographies of individuals; references to proprietary systems information; fees and costs associated with the engagement; specific descriptions of past work performed by the independent consultants for other clients; and negotiated contract terms and provisions (such as indemnification provisions, specifics of conflict of interest policies, RUST Draft statement of work).

I would note that the OCC made available for review unredacted versions of all OCC engagement letters to Congressional staff in 2011; several staff representatives reviewed these materials onsite at the OCC.

Q.4.1. You stated that banks were required to hire independent consultants to conduct Independent Foreclosure Reviews because "it is just beyond the means of any Federal banking agency" to conduct a review of this size and scope, and direct hiring of consultants by the OCC would be too drawn out because of competitive bidding requirements in Federal procurement process.

Would direct contracting between independent consultants or outside experts and the OCC improve transparency and mitigate conflicts of interest?

A.4.1. The contracting of consultants by the banks directly does not, in and of itself, pose concerns for the OCC in terms of transparency and conflicts of interest. As we have discussed, the OCC has used independent consultants in the past with success through its monitoring and oversight of the engagements. With respect to the IFR, each of the independent consultant engagement letters contained specific language stipulating that consultants would take direction from the OCC and prohibited servicers from overseeing, directing, or supervising any of the reviews.

The OCC specifically required each consultant to:

- Comply with requirements of the Order and conduct each foreclosure review as independent from any review, study, or other work performed by the servicer or its contractors or agents with respect to the servicer's mortgage servicing portfolio or the servicers' compliance with other requirements of the consent order.
- Ensure its work under the foreclosure review would not be subject to direction, control, supervision, oversight, or influence by the servicer, its contractors, or agents.

- Require immediate notification to the OCC of any effort by the servicer, directly or indirectly, to exert any such direction, control, supervision, oversight, or influence over the independent consultant, its contractors, or agents.
- Agree that the independent consultant is solely responsible for the conduct and results of the foreclosure review, in accordance with the requirements of article VII of the order.
- Pursuant to the monitoring, oversight, and direction of the OCC: 1) promptly comply with all written comments, directions, and instructions of the OCC concerning the conduct of the review, and 2) promptly provide any documents, work papers, materials, or information requested by the OCC, regardless of any claim of privilege or confidentiality.
- Agree to provide regular progress reports, updates, and information concerning the conduct of the foreclosure review to the OCC, as directed.
- Conduct the review using only personnel employed or retained by the independent consultant to perform the work required and not to employ services provided by the servicer's employees, contractors, or agents unless the OCC provides written approval.
- Adhere to requirements with respect to communication with the servicer, which provide for the independent consultant to use documents, materials, or information provided by the servicer, and to communicate with the servicer, its contractors, or agents, to conduct the review. Within these limits, agree that servicers' employees may not influence or attempt to influence determinations of the consultant's findings or recommendations.
- Agree that legal advice needed in conducting the review shall be obtained from the outside law firm whose retention to advise the independent consultants has been approved by the OCC and not to obtain legal advice (or other professional services) in conducting the review from the servicers' inside counsel, or from outside counsel retained by the servicer or its affiliates to provide legal advice concerning the Order, or matters contained in the Order.

Accordingly, under the IFR independent consultants took their direction from the OCC and Federal Reserve Board (FRB), not the servicers; and in one case the OCC directed the servicer to terminate an independent consultant (IC) for compromising the IFR independence standards. Further, the OCC and FRB had direct, in some cases daily, access to the ICs and unfettered access to the independent consultant's work and reporting. Thus, the concerns regarding the structure of the IFR did not emanate from a lack of direct control or authority over the independent consultants and did not hinder transparency by any means.

Q.4.2. If so, what additional authority would the OCC need to enter into direct contracts in a timely manner?

A.4.2. Congress could provide the OCC with additional authority for streamlined contracting that would allow the OCC to award one or more contracts without justifying the lack of competition *i.e.,* ex-

empt such contracts from the Competition in Contracting Act, 41 U.S.C. § 253. This authority could be used during the examination and enforcement process for unusually complex or time sensitive matters.

Q.5. Will homeowners who have been wrongfully foreclosed upon have their credit reports cured as part of the settlement? Will anything be done to correct consumers' credit histories?

A.5. The Amendments to the Consent Orders do not provide for determinations of "harm" or "no harm" on individual cases, except in a few limited categories (Servicemembers Civil Relief Act and Borrower Not in Default); thus, there are no determinations of errors on individual credit reports. Borrowers can avail themselves of customer assistance from OCC Customer Assistant Group (*helpwithmybank.gov*), FRB (*federalreserve.gov*), or the CFPB (*consumerfinance.gov*), where applicable, to submit a complaint to support that their credit report requires correction due to servicer error, or they may choose to work with their servicer directly.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM DANIEL P. STIPANO

Q.1. Please provide copies of all contracts, in unredacted form, that were executed between the banks subject to the consent orders and the consultants they hired, which were reviewed and approved by the Office of Comptroller of the Currency (OCC) in connection with the Independent Foreclosure Review (IFR) process.

A.1. In 2011, upon the publication of the independent consultant engagement letters, the OCC made available for review unredacted versions of all OCC engagement letters to Congressional staff; several staff representatives reviewed these materials onsite at the OCC upon their publication. We would be pleased to coordinate with your staff to accommodate this same review.

Q.2. Please explain in detail why the OCC decided not to engage consultants directly to conduct the foreclosure review process. Please identify by name the offices, departments, and employees that participated in this decision. If there are statutes in place which prevent direct engagement, please provide the relevant citations. In addition, please provide legislative suggestions that will give the OCC more flexibility to directly engage in the future.

A.2. The OCC considered the option of directly contracting with independent consultants and determined that it would be more appropriate and timely to have the servicers contract directly with the consultants. This determination resulted from discussions among our legal and supervisory divisions. Federal Government procurement rules require that the OCC conduct full and open competitions for services including the services of consultants unless, for example, there is only one source that can provide the services or there are urgent and compelling circumstances. Even if circumstances are considered urgent and compelling, the maximum amount of limited competition is required. Given that the services of up to 12 independent consultants were needed, competition would have to include more than 12 offerors.

The procurement process requires that the OCC develop a request for proposals, advertise its requirements, evaluate proposals, negotiate with offerors and make awards. This process can be time consuming and, in the case of the foreclosure reviews, could have taken as long as 6 to 9 months. Because of the number of institutions involved, multiple negotiations with offerors would have been necessary. Additionally, as with any procurement, an interested party may protest at the solicitation, offer or award phase to the U.S. General Accountability Office. This adds risk and time to the procurement process. Because the full scope of the work for the consultants could not be defined up front, it would have been difficult for offerors to price their services and for the OCC to place a dollar value on the contracts. Also, the OCC determined that flexibility in scoping requirements and in making changes based on supervisory needs was important and that such factors do not easily translate to Federal procurement contract types. While there are some contract types that allow more flexibility than others, the OCC would have been in a position of continuously modifying its contracts to ensure the scope of work was correct. The contract risk associated with change in scope was, in our opinion, more appropriately placed on the entities complying with the consent orders rather than the OCC.

Although the OCC has confidence that outside independent consultants can effectively be engaged pursuant to OCC Consent Orders, Congress could provide the OCC with additional authority for streamlined contracting that would allow the OCC to award one or more contracts without justifying the lack of competition *i.e.,* exempt such contracts from the Competition in Contracting Act, 41 U.S.C. § 253. This authority could be used during the examination and enforcement process for unusually complex or time sensitive matters.

Q.3. Please provide copies of all opinions or memoranda (legal or otherwise) that were considered by the OCC that examined alternatives to the foreclosure review process eventually adopted, including alternatives that considered the agency engaging consultants directly to perform the foreclosure review.

A.3. The OCC did not prepare any formal analysis, nor generate any opinions/memoranda regarding alternatives to the adopted foreclosure review process or use of independent third parties to conduct the review. The foreclosure examinations conducted by OCC examiners during the fourth quarter of 2010 revealed situations where servicers may have lacked standing to foreclose, may have foreclosed on borrowers in violation of the SCRA or U.S. Bankruptcy code, may have charged improper or excessive fees with respect to the foreclosure action, or may have improperly administered loss mitigation programs—any of which may have caused financial harm to the borrower. As a result, the OCC determined that certain borrower files should be independently reviewed by someone other than the servicer itself to determine whether servicer errors resulted in borrower financial harm that should be remediated. It has been a longstanding practice of the OCC in enforcement actions to require banks to engage independent consultants, particularly in situations requiring file reviews. Independent

consultants have subject matter and process knowledge, and they can also provide the resources necessary to carry out the task in a timely manner. The contracting of consultants by the banks directly does not, in and of itself, pose concerns for the OCC in terms of transparency and conflicts of interest. With respect to the IFR, each of the independent consultant engagement letters contained specific language stipulating that consultants would take direction from the OCC and prohibited servicers from overseeing, directing, or supervising any of the reviews.

Q.4. In testimony provided at the Subcommittee on Financial Institutions and Consumer Protection on Thursday, April 11, 2013, Deputy Chief Counsel Daniel Stipano, acknowledged that the OCC had sought and received advice on the advisability of the OCC directly hiring consultants to engage in the foreclosure review process. Please explain whether the advice obtained considered applicable Federal procurement statutes, regulations, and guidance. If so, please explain in detail the analysis and reasoning behind this advice and what form it took. To the extent such advice was in writing, please provide these documents.

A.4. Please see responses to Questions 2 and 3 above.

Q.5. Please provide a list of all competitive procurement contracts entered into during calendar year 2012 involving the OCC.

A.5. A list of all competitive procurement contracts for calendar year 2012 is attached as Appendix B.

Q.6. The GAO report published this March on the IFR process recommended a series of best practices at the remaining three financial institutions who haven't yet settled. Have you instituted all of these guidelines (improved sampling, improved communication with homeowners, more transparency, *etc.*) with OneWest, Everbank, and Allied? Why or why not?

A.6. Yes, we have taken action related to all three of the GAO's recommendations. The first recommendation was to improve oversight of sampling methodologies and mechanisms to centrally monitor consistency. The OCC has communicated with and continues to communicate with the remaining independent consultants to ensure consistent sampling methodologies are used and that those methodologies conform to the OCC Sampling Handbook.

Another recommendation was to identify and apply lessons from the foreclosure review process, such as enhancing planning and monitoring activities to achieve goals, as they develop and implement the activities under the amended Consent Orders. The OCC developed a thorough project plan covering the remaining work related to the (1) independent foreclosure review, (2) calculation and distribution of payments under the settlement, and (3) the additional requirements of the amendments to the Consent Orders. Additionally, we have drafted and will implement an examination plan that each of the resident teams will use to test compliance with the Consent Orders. The completion of the examination plan will be overseen by headquarters staff and will be supported by a small examination team that will work with the resident staffs at each institution to ensure the examination plan is implemented consistently.

The final recommendation was to develop and implement a communication strategy to regularly inform borrowers and the public about the processes, status, and results of the activities under the amendments to the consent orders and continuing foreclosure reviews. The OCC, working with the FRB, continues to execute a communication strategy to provide timely, accurate information regarding the IFR, specifically the IFR Payment Agreement, codified in the amendments to the Consent Orders, which were published on February 28. The communication strategy involves actions taken by the IFR payment administrator—Rust Consulting, Inc.—as well as Federal banking regulators and includes direct outreach to affected consumers, mass media, and outreach to community groups and Congress.

Direct Outreach

Direct outreach to affected borrowers has proven to be the most effective means of communication through this process. The IFR payment administrator sent postcards to all 4.2 million eligible borrowers in March 2013 alerting them that they would receive a check by mail. On April 12, 2013, the IFR payment administrator began sending checks and an accompanying letter to eligible borrowers. Checks were sent in a number of waves. As of June 7, 2013, more than 3.9 million checks were mailed to eligible borrowers worth more than $3.4 billion. As of June 7, 2013, 2.7 million checks have been cashed or deposited worth almost $2.4 billion. According to Huntington Bank, which is processing the checks, IFR-related checks are clearing at nearly 4 times the rate of their previous experience with 53 other consumer settlements. The clearing rate demonstrates both the importance of this issue to eligible borrowers as well as the effectiveness of the outreach and previous awareness building activities.

Mass Media

Mass media efforts involve a variety of communication tactics including news releases and media interviews, public speeches, Web site material, email, social media, and public service announcements (PSA).

Since January 2013, the OCC has published 11 separate news releases regarding the IFR Payment Agreement. Each was provided to dozens of relevant reporters, posted to *OCC.gov* and *HelpWithMyBank.gov,* distributed to more than 34,000 email subscribers, distributed through Twitter and Facebook, and made available through online syndication (via RSS). For the most significant of these news releases OCC used PRNewswires multicultural distribution service that provides the news release to more than 9,000 outlets throughout the country, targeting outlets that serve African American, Asian American, Hispanic and Native American communities. These releases were translated into both Spanish and Chinese for distribution to outlets that provide news in those languages. The PSA explaining the IFR Payment Agreement was posted to the OCC Web page, translated into Spanish, and included in a toolkit of resources provided to community groups and advocates for their use.

Since January 2013, the OCC has also responded to 185 interviews or media queries to provide background information to reporters, highlight key messages, emphasize certain facts, or correct public misperceptions regarding the IFR Payment Agreement. When announced, the OCC conducted a conference call for dozens of members of the press to explain the terms of the agreement and answer their questions.

As a result of these news releases and other media activity, there have been nearly 300 news articles in national, regional, and local media outlets with an audience of more than 110 million.

On January 7, 2013 , the Comptroller of the Currency issued a personal statement regarding the IFR Payment Agreement. On February 13, 2013, he delivered a public speech explaining the IFR Payment Agreement before the Women in Housing and Finance group in Washington, D.C. Both the statement and speech were released to the public through formal news releases, and the press widely covered the Comptroller speech in February.

The OCC has provided additional information on its Web site as a resource to consumers and other interested parties at *www.occ.gov/independentforeclosurereview*. The information includes frequently asked questions, IFR Payment Agreement details, Consent Orders and amendments, and daily updates on the volume and value of IFR-related checks that clear each day. At the regulators direction, the IFR payment administrator also has provided updated frequently asked questions on its Web site at *https://independentforeclosurereview.com/settled.aspx* and important tax-related information for borrowers included in the IFR Payment Agreement.

Community and Congressional Outreach

Since February 2012, regulators have produced five nationwide Webinars to familiarize counselors and consumer groups with the IFR and later the IFR Payment Agreement. We have conducted two Webinars on the Payment Agreement specifically. The Webinars are posted on the agencies' Web sites along with transcripts in English and Spanish.

IFR

- February 2012—*IFR: Helping Homeowners Request a Review*
- March 2012—*IFR: Helping Homeowners Request a Review*
- September 2012—*IFR: What You Need to Know*

IFR Payment Agreement

- March 2013—*IFR: Important Changes*
- May 2013—*IFR: Important Changes*

Consumer and counseling groups were central to developing and implementing the Phase II marketing plan for the IFR. Regulators have used this same network to provide information on the IFR Payment Agreement, creating a toolkit of information, available on each regulator's Web site, that includes detailed information about the agreement itself, what will happen next for borrowers and, additional marketing material. The Comptroller and senior OCC staff have met numerous times with community groups and consumer

advocates during this process and will continue to engage these important stakeholders.

The OCC has placed a high priority on ensuring that Members of Congress and their staff have timely and accurate information about the implementation of the amended Consent Orders. To this end, we have held numerous communications, including meetings, phone calls, letters and emails, with Members of Congress and their staff from the initial announcement of the agreement in principle and throughout the implementation of the amendments to the Consent Orders. We have provided timely responses to questions and concerns, and sought feedback from the Members and staff to factor into decisions we were making about the implementation of the settlement and future reports. Finally, we routinely share public information including statements and press releases with Congress so they can remain current on the status of the settlement actions and provide information to their constituents where they deem appropriate.

Going Forward

The OCC recognizes the importance of continuing to provide timely, accurate information to all stakeholders in the process and will continue to use mass media and other outreach to keep stakeholders informed. Specifically, the OCC is in the process of determining content and timing of public reports to provide additional relevant information to the public and external stakeholders. In determining theses reports, the OCC is considering input from a variety of stakeholders including community groups and consumer advocates, Congress, and industry. When publicizing these reports, the OCC plans to uses news release, media outreach, social media, and subscription servicers to provide the widest possible distribution and greatest possible awareness. These reports will address both the IFR Payment Agreements, the status of reviews for servicers who did not join the agreements, and servicer compliance with other articles of the original foreclosure-related Consent Orders published in April 2011.

The OCC has already instituted daily updates on the number and value of IFR-related checks to its Web site and social media sites. In addition, the agency has instituted weekly news releases to highlight this information.

Because access to borrower records used in the conduct of the IFR is of great interest to borrowers, advocates, and Congress, the OCC is working with Federal banking regulators to increase consumer awareness of their right to certain information by submitting a qualified written response under the Real Estate Settlement Procedures Act (RESPA). The OCC plans to issue letters to the IFR payment administrator and participating servicers that such factual information requested by the borrower should be provided under RESPA. In addition, the OCC is planning a news release and PSA to increase awareness of this process, and is inviting other Federal banking regulators to join the release and PSA.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR MENENDEZ FROM DANIEL P. STIPANO

Q.1. I led the efforts in the Senate to request that the Government Accountability Office assess the independence, transparency, accountability, and consistency of the independent foreclosure review process. One of the concerns I've had since the beginning of the IFR process is whether the Federal Reserve and OCC were sufficiently contacting those in our underserved communities. I know there were several marketing efforts made throughout the process to improve outreach, but from my understanding, there were certainly deficiencies in these efforts. With the payouts announced this week, it appears that in some cases many of the borrowers who requested a review will receive almost twice the payout as those who did not request a review. With the issues surrounding the IFR's outreach efforts, does this mean those in our underserved communities, who were not contacted or made aware of the independent review, get will get less money? Why are we giving more to those who were contacted and less to those who were not contacted, when we know there were major hurdles to finding affected borrowers?

A.1. The efforts undertaken to publicize the IFR were unprecedented. The $35 million campaign exposed more than 130 million people to IFR messages at least four times during the campaign. The outreach effort was tested and monitored. General awareness of the campaign increased from approximately 30 percent, under the initial marketing efforts, to more than 50 percent, under the expanded outreach, among those likely to be in the in-scope population. This level of awareness typically requires four years of advertising to accomplish.

Borrowers who made an effort to submit a Request for Review had an expectation that they would receive an individualized review and in some cases they may have gone to efforts to locate documents and support to accompany their Request for Review. Thus, both FRB and OCC felt it necessary to recognize the efforts of borrowers who submitted a Request for Review and who believed they were financially injured.

Q.2. The agreement reached by the OCC and Federal Reserve with the 13 mortgage servicers provides roughly $5.7 billion in foreclosure prevention assistance (or soft money) and $3.6 billion in cash payments, which will certainly help the millions of borrowers. Because of the deficiencies and issues that we read about in the GAO study, I'd like to get a better understanding of how these dollar amounts (both soft dollars and cash payout) were determined, because it seems as though we still do not have a solid understanding of the level of harm to borrowers. In fact, the new agreement that replaced the foreclosure review with a compensation framework does not rely on determinations of whether borrowers suffered financial harm. So can you explicitly explain how these amounts were determined?

A.2. The amounts were negotiated. The $3.6 billion in cash payments was informed by several considerations, including the remaining amount of projected IC costs to finish the reviews, other direct costs associated with finishing the reviews (such as the ad-

ministrator costs), and the projected payments that may have been paid to borrowers for harm findings had the reviews been completed. We believe the $3.6 billion is several times the projected amount that may have been paid out for harm under the IFR.

The $5.7 billion in foreclosure prevention action credit will result in meaningful relief to borrowers still struggling to keep their homes, and this assistance can make a real difference for those families and their communities. However, this requirement should not be viewed in isolation. The $5.7 billion was intended to be an additional incentive to servicers to enhance their foreclosure prevention actions and compliments the incentives provided by HAMP and similar programs, the National Mortgage Settlement, and the State AGs. Similarly, this requirement also complements other parts of our Consent Orders, which have numerous and significant requirements addressing loss mitigation and foreclosure prevention activities. These items require servicers to achieve and maintain effective loss mitigation and foreclosure prevention activities, and we will ensure that objective is met.

Q.3. The agreement reached by the OCC and Federal Reserve with the 13 mortgage servicers provides $5.7 billion in foreclosure prevention assistance (or soft dollars), which will certainly help the millions of affected borrowers. However, my understanding is that if one of these servicers does a loan modification or principle reduction for $10,000, and the home is worth $250,000, the servicer will be credited $250,000 in foreclosure prevention assistance or consumer relief under the settlement, instead of just $10,000 for the loan modification or principle reduction. Are we giving the mortgage servicers credit for financial assistance that they didn't necessarily provide? Do you plan to continue this practice moving forward? Can you explain the policy behind crediting these servicer dollar-for-dollar for consumer relief?

A.3. The Amendments to the Consent Orders, which implemented the IFR settlement, are specific about the standards the regulators will use to measure the servicers' performance on loss mitigation and foreclosure prevention. They emphasize sustainable and meaningful home preservation actions for qualified borrowers and that preference should be given to activities designed to keep borrowers in the homes or otherwise provide significant and meaningful assistance to qualified borrowers.

The unpaid principal balance (UPB) is straightforward, transparent, and an easily measurable barometer of the value of the foreclosure that was prevented. It does not measure the expense of the action taken or the economic benefit for the consumer, but simply measures the foreclosure that was prevented based on what the borrower owes, which therefore reflects the amount of assistance received. Complicated crediting formulas are not transparent, and people tend to find ways to manipulate complicated formulas, which can often have unintended consequences. Further, sustainable modifications come in numerous forms, not only through principal reductions, but also through, for example, reduced interest rates.

Finally, the OCC will focus on the overall efforts and results of the loss mitigation and foreclosure prevention programs of each

servicer as we evaluate compliance with the remainder of the Amendments to the Consent Orders. In doing so, we will evaluate the effectiveness of all servicer loss mitigation and foreclosure prevention activities, not just those they request credit for under the Amendments to the Consent Orders. We intend to ensure that loss mitigation efforts will be done in a manner consistent with the principles we described in the Amendments to the Consent Orders.

Q.4. Many of the borrowers who were part of the IFR still live in their homes, but I'm concerned about their ability to stay in their homes as part of the IFR Payout and consumer relief. For example, I believe actions such as principal reductions and loan modifications will help keep these people in their homes, but short sales would remove these borrowers from their homes. What steps have you taken, and will you take, to ensure that the soft dollars are used to keep people in their homes? What procedures and/or mechanisms are in place to discourage the servicers from providing relief through short sales?

A.4. Well-structured loss mitigation actions should focus on foreclosure prevention, which should typically result in benefiting the borrower and reducing loss. A servicer's foreclosure prevention actions should reflect the following guiding principles: (a) preference should be given to activities designed to keep the borrower in the home; (b) foreclosure prevention actions should emphasize affordable, sustainable, and meaningful home preservation actions for qualified borrowers; (c) foreclosure prevention actions should otherwise provide significant and meaningful relief or assistance to borrowers; and (d) foreclosure prevention actions should not disfavor a specific geography within or among States or discriminate against any protected class of borrowers.

While the amendments to the Consent Orders express the priority of such efforts, it is important to recognize that different borrowers can benefit from different actions. While effective loan modifications help populations seeking to retain ownership of their home, other actions, including simplified short sales, can provide important benefits to other borrowers, including those who cannot be assisted through modification. Therefore, the evaluation must be made based on the facts and circumstances of each borrower, and cannot be prescribed in advance. The OCC will assess the overall effectiveness of the servicer's loss mitigation and foreclosure prevention activities as we test compliance with the Consent Orders.

Q.5. The GAO reports on the IFR cite little stakeholder consultation within the IFR process. While some access to Treasury HAMP officials was cited as being helpful in providing information on loss mitigation and loan modification, why wasn't there a greater focus on using housing counseling agencies that have much more experience working through the difficult and time consuming process of foreclosure modifications than most big consulting firms?

A.5. The OCC and FRB sought extensive input from community groups, including groups providing access to housing counseling services, throughout the IFR process. Since November 2011, the OCC has engaged community groups on numerous topics, such as readability, marketing and outreach, resources for non-English speakers, borrower financial injury, and improving transparency. A

number of changes to the IFR process, including but not limited to, revisions to the draft Financial Remediation Framework, the expanded marketing campaign, additional in-language resources, and servicer funding provided to community groups, all occurred as a direct result of the OCC and FRB's extensive interactions with community group stakeholders. A listing of these efforts can be found attached hereto as Appendix A.

Q.6. One of the main purposes of the IFR process was to have data to enable the OCC and Federal Reserve Board to tell whether a bank had a particular kind of file or type of mistake that it was repeating, so the consultants could dig deeper into their other files. Since the OCC and Federal Reserve abandoned the review, to what extent will they be able to further examine whether certain banks committed systematic errors in their foreclosures based on either preliminary results or based on information that they gathered through regular bank examinations or other sources?

A.6. The OCC has learned a great deal about the nature of servicer errors through the horizontal examinations that were the basis for our Consent Orders, the work done by the independent consultants, and the examination work we have completed since the Consent Orders were executed. We have used this knowledge as we have assessed changes in servicing practices, and we will also use that knowledge as we evaluate the servicer's compliance with the Amendments to the Consent Orders.

Q.7. The Foreclosure Review Payment Agreement provides $125,000 to those most harmed by these foreclosure abuses, and at least $300 to those who may not have been harmed at all. Can you specifically explain how these payments will be administered and what steps will be taken by the OCC and FRB to ensure that borrowers receive the relief they need? Specifically, how are we administering these thousands, sometimes over a hundred thousand dollars, to these borrowers? What types of mechanisms are in place to ensure transparency and accountability?

A.7. As of June 7, 2013, more than 2.7 million borrowers have cashed or deposited nearly $2.4 billion in checks related to the IFR Payment Agreement. The total number of checks sent through this date is more than 3.9 million and worth more than $3.4 billion.

According to Huntington Bank, the IFR Payment Agreement check cash rate is four times that of their historical experience for other consumer-related class action settlements.

The OCC has committed to providing public reports regarding the receipt of payments under the agreement.

Q.8. The National Mortgage Settlement and Independent Foreclosure Review addressed foreclosure abuses by many large mortgage servicers from 2009–2010. Now that we have two distinct avenues of relief for these borrowers, what mechanisms are in place to ensure there is no overlap in assisting these borrowers? Or of more concern to me, what steps are in place to ensure that no borrowers are left behind?

A.8. Pursuant to the terms of the Amendments to the April 13, 2011 Consent Orders, foreclosure prevention action for which the servicers seek credit for must be "in addition to" any foreclosure

prevention action for which the servicer has sought credit for under the National Mortgage Settlement. Servicers are expressly prohibited from any double counting under the Amendments to the Consent Orders.

Also, the April 13, 2011 Consent Orders require servicers to achieve and maintain effective loss mitigation and foreclosure prevention programs. Additionally, the Amendments to the Consent Order provide guiding principles for foreclosure prevention activities, which emphasize affordable, sustainable, and meaningful home preservation actions, or other significant and meaningful assistance for qualified borrowers.

Q.9. In their April 2013 report, the Government Accountability Office states that the uniqueness of each servicer's population and their processes for keeping borrowers' information posed challenges. In fact, the OCC and Federal Reserve Board said it was not feasible to design one file review process that would apply to all servicers in the IFR, and the consultants would be required to tailor their review processes. How do you believe the leeway given the consultants to tailor their own reviews, without proper guidance, led to the abandonment of the IFR?

A.9. We do not believe the leeway given to consultants to tailor their reviews was a significant factor in changing our direction. While the independent consultants were employing different processes and methodologies, they were working toward the same objectives, which were provided in the Consent Orders. Further, we do not agree the independent consultants did not have proper guidance. The OCC did provide appropriate guidance to the independent consultants to help them develop their review processes. First, the sections of the April 2011 Consent Orders outlining the purpose of the foreclosure review for all banks were nearly identical. This similarity in the Consent Orders was intended to ensure that the reviews covered the same issues and resulted in similar results for similarly situated borrowers. Second, between May 2011 and October 2012, the OCC and FRB issued 29 joint pieces of guidance to the independent consultants on various topics to help them frame the file review process and promote consistency in its implementation. Certain guidance was designed to be a unifying factor among all the reviews by helping ensure that similarly harmed borrowers received similar remediation. Other guidance was issued in response to similar questions received from multiple consultants or examination teams, which oversaw the reviews at the local level, to help promote consistency in the reviews.

For example, guidance on the review for compliance with the SCRA was designed to provide consistent results for all affected borrowers. In addition to consistent Consent Orders and guidance, the OCC implemented regular and robust communication mechanisms to help foster consistency in the reviews, including regular meetings involving independent consultants, servicers, examination team staff overseeing the consultants' work, and OCC headquarters and Federal Reserve Board staff to discuss challenges with the file review process and help promote consistency among the reviews.

Q.10. From May 2011 to October 2012, the OCC and FRB issued 29 joint pieces of guidance to the consultants, and regulators had

regular weekly meetings with the consultants to clarify guidance. When you continually clarified guidance to the consultants, what impact did that have on the loan files that had already been reviewed, prior to the new guidance? When changes were made to how files should be reviewed, is it logical to assume that those changes must be retroactively applied to the already reviewed files? Were these previously reviewed files reviewed again?

A.10. In most situations, the OCC and FRB issued guidance to provide clarity or address inconsistencies in practices among some of the independent consultants, with many of the consultants already fully complying with the formal guidance. For those consultants not fully complying with the guidance, change in practice was necessary and, when applicable given the nature of the guidance, certain files required some amount of re-review. Often, only a portion of a previously reviewed file focusing on a specific subject area needed to be re-worked to achieve compliance with the guidance rather than are review of all aspects of the file.

Appendix A

Engagement with Consumer Groups on the IFR

May 2013

- The OCC began meeting and talking regularly with a cross-section of consumer and legal aid organizations about the Independent Foreclosure Review in November 2011. Our series of regular meetings and frequent discussions have informed our decisionmaking in numerous areas, including: marketing and outreach, extension of the deadline for borrowers to request reviews, types of financial harm, and remediation. The groups also offered extensive comments on the IFR Remediation Framework, which was provided to them in draft.
- These frequent meetings and discussions have continued about implementation of the IFR Payment Agreement.
  - Two meetings with Americans for Financial Reform (AFR) representatives focused on the Payment Agreement Waterfall. Shared a final draft of the Waterfall for comment prior to finalizing payment determinations.
  - Also gathering AFR input on: Reporting on Loss Mitigation/ Foreclosure Prevention efforts, IC Findings, and Enforcement of servicing part of the original Consent Order.

Working With Consumer and Counseling Groups on Outreach

- In December 2011, the OCC, FRB, servicers and FSR (on behalf of the servicer consortium) participated in two sessions of the annual NeighborWorks training conference, attended by community group representatives from around the country, to provide information and answer questions about the foreclosure review.
- The OCC met with representatives of the Loan Modification Scam Prevention Network and coordinated introductions to the servicer consortium, resulting in added borrower alerts for

fraud or scam activity related to the advertisements, second mailings, and Web site materials.

- Regulators produced five nationwide Webinars to familiarize counselors and consumer groups with the IFR and later the IFR Payment Agreement in order to help the groups assist their constituents. The Webinars are posted on the agencies' Web sites along with transcripts in English and Spanish.

IFR

- February 2012—*IFR: Helping Homeowners Request a Review*
- March 2012—*IFR: Helping Homeowners Request a Review*
- September 2012—*IFR: What You Need to Know*

IFR Payment Agreement

- March 2013—*IFR: Important Changes*
- May 2013—*IFR: Important Changes*
- The independent consultants separately held a teleconference and several in-person meetings with consumer group representatives to share foreclosure review information. For example, in May 2012, community group representatives visited the Promontory/Bank of America site to review how reviews are being conducted.
- As part of the Phase I of marketing of the IFR, the OCC worked with servicers to identify ways to provide resources and additional support to advocates to expand their capabilities for promoting participation in the IFR.
- During that phase, Several servicers adopted the regulators' suggestion to provide financial support to advocacy groups to enhance borrowers' familiarity with the IFR initiative. To date, three servicers have supported approximately 15 intermediary organizations with well over 100 member organizations servicing communities across the country. By design, the support permits maximum flexibility to tailor outreach activities best suited for the diverse clienteles the organizations serve. Groups have issued direct mailings, emails, and mass flyers, held conferences and workshops, conducted outreach at street fairs, offered individual and group counseling sessions, collaborated with other community organizations, and leveraged faith-based partnerships to expand IFR awareness.
- Groups also supplied two toll-free phone lines (one specifically for Spanish speakers) and at least 13 informational Web sites on the IFR. They also released two videos and issued several press releases. Other assisted borrowers in requesting and completing the form and assembling supplementing information and documents. Groups have also prepared advertising in several Asian languages and developed IFR information materials in languages such as Hmong, Vietnamese, Korean, Russian, Tagalog, and Mandarin Chinese.
- Consumer and counseling groups were central to developing and implementing the Phase II marketing plan for the IFR. In August 2012, regulators brought together consumer and counseling groups in August such as—HomeFree USA,

Neighborworks America, National Fair Housing Alliance, National Council of LaRaza, to help develop the plan.

- Building on group participation during Phase I, the second phase dedicated $5 million to fund 16 groups, covering 70 markets. Groups used an online toolkit with creative materials to: conduct mailings and outbound calling to their client data bases, assist borrower in retrieving documents and completing the IFR forms, conduct grass roots outreach activities—events, speaking engagements, and panels, engage community partners to disseminate information, and engage church community through pastoral messaging, church newsletters, flyer distributions and post-service gatherings/ministries.

Appendix B

OCC COMPETITIVE AWARDS 1/1/12- 12/31/12

#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
1	TCC13HQD0011	WAYNE, TANNER FINANCIAL CONSULTANT	BANK EXAMINATION SERVICES	01/01/2012	12/31/2017	$0
2	TCC10HQD0023-120001	NEAL R. GROSS AND COMPANY, INC.	COURT REPORTING AND STENOTYPE SERVICES	01/03/2012	12/31/2012	$400,000
3	TCC09HQD0030-120001	ROGERS JR, JAMES T	BANK EXAMINATION SERVICES	01/03/2012	03/08/2012	$15,080
4	TCC08HQD0059-120006	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	01/03/2012	04/05/2012	$8,175
5	TCC08HQD0029-120004	STUKER, DUANE A	BANK EXAMINATION SERVICES	01/03/2012	04/05/2012	$8,150
6	TCC08HQD0023-120005	MUELLER, GREGORY	BANK EXAMINATION SERVICES	01/03/2012	02/03/2012	$7,470
7	TCC10HQD0028-120006	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	01/03/2012	04/05/2012	$6,897
8	TCC09HQD0017-120001	INTERNAL CONTROL CONSULTING INC	BANK EXAMINATION SERVICES	01/04/2012	01/26/2012	$7,720
9	TCC09HQD0019-120001	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	01/04/2012	02/02/2012	$5,321
10	TCC09HQD0026-120003	MARCUS, DARRYL	BANK EXAMINATION SERVICES	01/05/2012	02/09/2012	$15,005
11	TCC08HQD0032-120006	WHITE, SIDNEY	BANK EXAMINATION SERVICES	01/05/2012	03/08/2012	$14,500
12	TCC08HQD0047-120003	DAVID W HILLS	BANK EXAMINATION SERVICES	01/05/2012	03/08/2012	$13,462
13	TCC08HQD0026-120002	PYLE, MARY	BANK EXAMINATION SERVICES	01/05/2012	03/02/2012	$12,953
14	TCC09HQD0010-120009	TATE, CLEMENT	BANK EXAMINATION SERVICES	01/09/2012	03/16/2012	$15,074
15	TCC08HQD0017-120002	INTERNAL CONTROL CONSULTING INC	BANK EXAMINATION SERVICES	01/09/2012	03/08/2012	$8,063
16	TCC08HQD0043-120001	MARCIA KLEIN	BANK EXAMINATION SERVICES	01/09/2012	03/08/2012	$7,537
17	TCC10HQD0028-120007	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	01/09/2012	02/24/2012	$6,304
18	TCC08HQD0053-120005	WILLE, DUANE H	BANK EXAMINATION SERVICES	01/11/2012	03/22/2012	$11,500
19	TCC12HQB0005-0002	NETWORK MEDIA PARTNERS, INC.	PERIODICAL PUBLISHERS	01/12/2012	07/31/2012	$4,000
20	TCC11HQW0002-0001	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	01/17/2012	06/30/2016	$114,698
21	TCC12HQP0080	CHIEF III DENVER HOTEL LLC	HOTELS AND MOTELS	01/18/2012	04/12/2012	$20,000
22	TCC08HQD0036-120002	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	01/18/2012	02/17/2012	$15,944
23	TCC08HQD0065-120002	ROSE, DONNA M	BANK EXAMINATION SERVICES	01/18/2012	02/24/2012	$12,124
24	TCC09HQD0019-120002	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	01/18/2012	02/16/2012	$7,138
25	TCC11HQD0001-120003	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	01/23/2012	07/20/2012	$53,133
26	TCC12HQP0082	ADOLPHUS HOTEL, THE	HOTELS AND MOTELS	01/23/2012	04/13/2012	$10,000
27	TCC08HQD0013-120002	DECOSTA FRED G	BANK EXAMINATION SERVICES	01/25/2012	03/16/2012	$18,495
28	NNG07DA26B-TCC12HQG0075	FCN INCORPORATED	COMPUTER SUPPORT SERVICES	01/26/2012	01/26/2012	$1,284,272
29	TCC08HQD0059-120007	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	01/26/2012	04/27/2012	$14,120
30	TCC08HQD0021-120003	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	01/26/2012	04/27/2012	$9,300
31	TCC12HQP0086	TRIALTEK, CONSULTING, LLC	OFFICES OF LAWYERS	01/27/2012	02/29/2012	$25,780
32	TCC12HQD0010-120001	HFR ENTERPRISES, LTD.	BANK EXAMINATION SERVICES	01/27/2012	05/03/2012	$23,911
33	TCC12HQD0009-120001	HOWARD, WINFIELD	BANK EXAMINATION SERVICES	01/27/2012	04/05/2012	$16,507
34	TCC08HQD0016-120002	HARVEY FINANCIAL MGT CO LLC	BANK EXAMINATION SERVICES	01/27/2012	05/03/2012	$16,313
35	TCC09HQD0021-120004	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	01/27/2012	04/05/2012	$9,300
36	TCC12HQD0003-120001	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	01/30/2012	02/17/2012	$10,000
37	TCC12HQD0007-120001	CHOPEL, JOHN F.	BANK EXAMINATION SERVICES	01/30/2012	02/17/2012	$10,000
38	GS33F0035R-TCC12HQG0077	GRAEBEL COMPANIES, INC.	USED HOUSEHOLD AND OFFICE GOODS MOVING	01/31/2012	02/12/2012	$20,000
39	TCC12HQD0016-120001	HEITZ, BRUCE A, ATTORNEY AT LAW	BANK EXAMINATION SERVICES	01/31/2012	03/09/2012	$19,692
40	TCC12HQD0013-120001	ALGIER, RONALD P	BANK EXAMINATION SERVICES	01/31/2012	09/30/2016	$16,723
41	TCC08HQD0055-120007	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	01/31/2012	03/02/2012	$8,911
42	GS21F0073X-TCC12HQG0069	TRUSTED HAND SERVICE, INC.	FACILITIES SUPPORT SERVICES	02/01/2012	06/30/2012	$2,635,329
43	TCC12HQP0091	HYATT HOTELS CORPORATION	HOTELS AND MOTELS	02/01/2012	05/02/2012	$25,000
44	TCC08HQD0032-120007	WHITE, SIDNEY	BANK EXAMINATION SERVICES	02/01/2012	04/05/2012	$15,151
45	TCC12HQD0003-120002	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	02/01/2012	03/16/2012	$13,268

OCC COMPETITIVE AWARDS 1/1/12- 12/31/12

#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
46	TCC10HQD0040-120006	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	02/01/2012	04/05/2012	$10,257
47	TCC10HQD0040-120005	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	02/01/2012	03/08/2012	$7,265
48	TCC09HQD0049-120012	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	02/02/2012	12/31/2012	$146,410
49	TCC09HQD0050-120006	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	02/02/2012	12/31/2012	$97,000
50	TCC08HQD0062-120001	BANKWORLD, INC.	BANK EXAMINATION SERVICES	02/02/2012	02/02/2012	$14,689
51	TCC12HQD0014-120001	ART STEELE CONSULTING	BANK EXAMINATION SERVICES	02/02/2012	04/05/2012	$9,868
52	TCC08HQD0033-120002	EDWARD WOJTOWICZ	BANK EXAMINATION SERVICES	02/06/2012	03/08/2012	$5,889
53	TCC08HQD0011-120004	COOK, VIVIAN	BANK EXAMINATION SERVICES	02/06/2012	03/08/2012	$4,960
54	TCC12HQP0092	BUCKINGHAM FOUNTAIN LP	HOTELS AND MOTELS	02/06/2012	04/23/2012	$3,500
55	TCC11HQD0004-120006	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	02/07/2012	03/16/2012	$10,784
56	TCC12HQP0093	CARLSON HOTELS MANAGEMENT CORPORATION	HOTELS AND MOTELS	02/07/2012	05/03/2012	$10,000
57	TCC12HQP0094	HDH, LLC	HOTELS AND MOTELS	02/07/2012	05/31/2012	$10,000
58	TCC12HQD0006-120001	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	02/08/2012	05/03/2012	$20,428
59	TCC08HQD0052-120004	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	02/08/2012	03/15/2012	$17,400
60	TCC08HQD0055-120008	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	02/08/2012	03/15/2012	$9,101
61	TCC12HQP0095	NOBLE BIRMINGHAM I, LLC	HOTELS AND MOTELS	02/08/2012	02/28/2012	$3,500
62	TCC12HQP0096	DJONT OPERATIONS, L.L.C.	HOTELS AND MOTELS	02/09/2012	03/05/2012	$3,500
63	TCC08HQD0079-0027	COACT INC	CERTIFICATION AND ACCREDITATION SERVICES	02/10/2012	04/30/2012	$12,000
64	GS35F4363D-TCC12HQG0074	PATRIOT TECHNOLOGIES INC	ELECTRONIC COMPUTER MANUFACTURING	02/13/2012	02/12/2013	$706,989
65	TCC08HQD0060-120004	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	02/13/2012	03/23/2012	$14,200
66	TCC12HQD0019-120001	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	02/13/2012	03/22/2012	$12,159
67	TCC08HQD0026-120003	PYLE, MARY	BANK EXAMINATION SERVICES	02/13/2012	04/05/2012	$10,781
68	TCC12HQD0016-120002	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	02/13/2012	03/22/2012	$9,748
69	TCC12HQD0013-120002	ALGIER, RONALD P	BANK EXAMINATION SERVICES	02/13/2012	03/22/2012	$8,012
70	TCC12HQD0013-120003	ALGIER, RONALD P	BANK EXAMINATION SERVICES	02/13/2012	04/05/2012	$7,675
71	TCC12HQP0099	PLANO, CITY OF	HOTELS AND MOTELS	02/13/2012	02/23/2012	$6,000
72	TCC08HQD0040-120003	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	02/13/2012	03/30/2012	$5,875
73	TCC08HQD0033-120003	EDWARD WOJTOWICZ	BANK EXAMINATION SERVICES	02/13/2012	03/30/2012	$5,538
74	TCC10HQD0071-120005	MEIER, ERNEST W	BANK EXAMINATION SERVICES	02/14/2012	04/19/2012	$11,439
75	TCC08HQD0037-120005	GDD CONSULTING	BANK EXAMINATION SERVICES	02/14/2012	03/16/2012	$7,835
76	TCC12HQP0097	ENVISION XPRESS, INC.	STATIONERY AND OFFICE SUPPLIES MERCHANT WHOLESALERS	02/14/2012	03/31/2012	$4,119
77	TCC12HQD0003-120003	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	02/15/2012	04/19/2012	$13,946
78	TCC08HQD0016-120003	HARVEY FINANCIAL MGT CO LLC	BANK EXAMINATION SERVICES	02/15/2012	04/19/2012	$11,491
79	TCC08HQD0029-120005	STUKER, DUANE A	BANK EXAMINATION SERVICES	02/16/2012	04/26/2012	$12,550
80	TCC08HQD0071-120002	CACI INC FEDERAL	COMPUTER SUPPORT SERVICES	02/17/2012	10/30/2012	$121,234
81	TCC13HQP0062	MICROTECHNOLOGIES LLC	COMPUTER PERIPHERAL EQUIPMENT AND SOFTWARE	02/20/2012	12/21/2013	$11,850
82	TCC12HQP0101	75 EAST STATE LLC	HOTELS AND MOTELS	02/22/2012	06/07/2012	$10,000
83	TCC10HQD0008-120002	K & R INDUSTRIES, INC.	GIFT, NOVELTY, AND SOUVENIR STORES	02/23/2012	03/23/2012	$15,849
84	TCC12HQD0016-120003	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	02/23/2012	04/26/2012	$15,127
85	TCC08HQD0011-120005	COOK, VIVIAN	BANK EXAMINATION SERVICES	02/23/2012	03/30/2012	$10,787

OCC COMPETITIVE AWARDS 1/1/12- 12/31/12

#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
86	TCC11HQW0003-0003	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	02/23/2012	06/30/2016	$9,790
87	TCC08HQD0026-120004	PYLE, MARY	BANK EXAMINATION SERVICES	02/23/2012	03/22/2012	$9,540
88	TCC09HQD0019-120005	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	02/23/2012	03/22/2012	$5,350
89	TCC12HQP0104	CPO HOSPITALITY L.L.C.	HOTELS AND MOTELS	02/24/2012	04/19/2012	$10,000
90	TCC12HQP0105	HYATT CORPORATION DEL	HOTELS AND MOTELS	02/24/2012	04/26/2012	$10,000
91	GS06F0709Z-TCC12HQG0091	ALEX-AMERICAN SYSTEMS JV	COMPUTER SYSTEMS DESIGN SERVICES	02/27/2012	12/31/2012	$1,255,375
92	TOTSD08D0027-0031	VISION TECHNOLOGIES, INC.	COMPUTER SYSTEMS DESIGN SERVICES	02/27/2012	04/30/2012	$52,282
93	TCC08HQD0013-120003	DECOSTA FRED G	BANK EXAMINATION SERVICES	02/29/2012	04/05/2012	$20,995
94	TCC10HQD0071-120006	MEIER, ERNEST W	BANK EXAMINATION SERVICES	02/29/2012	04/05/2012	$18,288
95	TCC09HQD0010-120010	TATE, CLEMENT	BANK EXAMINATION SERVICES	02/29/2012	04/05/2012	$15,518
96	TCC12HQD0006-120002	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	02/29/2012	03/30/2012	$15,505
97	TCC12HQC0010	ARGUS INFORMATION AND ADVISORY SERVICES LLC	DATA PROCESSING, HOSTING, AND RELATED SERVICES	03/01/2012	02/28/2013	$13,600,000
98	TCC11HQW0003-0007	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/01/2012	10/31/2012	$36,071
99	TCC08HQD0055-120009	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	03/01/2012	05/11/2012	$15,094
100	TCC08HQD0053-120006	WILLE, DUANE H	BANK EXAMINATION SERVICES	03/01/2012	05/11/2012	$12,005
101	TCC08HQD0026-120005	PYLE, MARY	BANK EXAMINATION SERVICES	03/01/2012	04/19/2012	$8,830
102	TCC08HQD0060-120005	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	03/01/2012	04/05/2012	$8,100
103	TCC08HQD0036-120003	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	03/05/2012	04/13/2012	$16,735
104	TCC08HQD0052-120005	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	03/05/2012	04/13/2012	$16,700
105	TCC12HQD0011-120001	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	03/05/2012	04/13/2012	$15,796
106	TCC12HQD0016-120004	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	03/05/2012	04/05/2012	$10,403
107	TCC12HQP0111	MASTERS, MATES AND PILOTS MARITIME ADVANCEMENT	HOTELS AND MOTELS	03/05/2012	04/11/2012	$7,500
108	GS14F0036K-TCC12HQG0098	STAPLES NATIONAL ADVANTAGE	OFFICE SUPPLIES AND STATIONERY STORES	03/06/2012	03/30/2012	$13,491
109	TCC11HQD0004-120007	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	03/06/2012	04/05/2012	$10,840
110	TCC12HQP0113	AHI METAIRIE-1 INVESTMENT LLC	HOTELS AND MOTELS	03/07/2012	03/13/2012	$5,000
111	TCC11HQW0003-0005	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/08/2012	05/31/2012	$59,987
112	TOTSD08D0027-0030	VISION TECHNOLOGIES, INC.	COMPUTER SYSTEMS DESIGN SERVICES	03/12/2012	03/28/2012	$76,965
113	TCC10HQD0071-120007	MEIER, ERNEST W	BANK EXAMINATION SERVICES	03/12/2012	05/11/2012	$16,787
114	TCC08HQD0032-120008	WHITE, SIDNEY	BANK EXAMINATION SERVICES	03/12/2012	05/17/2012	$16,560
115	TCC11HQD0003-120003	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	03/12/2012	05/11/2012	$15,492
116	TCC12HQD0019-120002	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	03/13/2012	05/11/2012	$15,798
117	TCC08HQD0065-120003	ROSE, DONNA M	BANK EXAMINATION SERVICES	03/13/2012	04/13/2012	$11,683
118	TCC12HQD0007-120002	CHOPEL, JOHN F	BANK EXAMINATION SERVICES	03/15/2012	04/13/2012	$11,112
119	TCC09HQD0010-120011	TATE, CLEMENT	BANK EXAMINATION SERVICES	03/15/2012	04/26/2012	$9,479
120	GS23F0312N-TCC12HQB0013	CORPORATE VISIONS INC	GRAPHIC DESIGN SERVICES	03/16/2012	03/15/2017	$0
121	TCC11HQD0002-120006	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	03/19/2012	03/15/2013	$45,080
122	TCC11HQD0002-120005	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	03/19/2012	06/01/2012	$17,755

OCC COMPETITIVE AWARDS 1/1/12- 12/31/12

#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
123	TCC12HQP0117	STROMASYS SA	INFORMATION TECHNOLOGY SERVICES	03/20/2012	04/06/2013	$23,360
124	TCC11HQW0002-0002	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/21/2012	12/31/2012	$116,433
125	TCC10HQD0040-120007	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	03/22/2012	05/03/2012	$14,960
126	TCC08HQD0038-120001	HEANEY, ROBERT G.	BANK EXAMINATION SERVICES	03/22/2012	05/03/2012	$12,174
127	TCC08HQD0032-120009	WHITE, SIDNEY	BANK EXAMINATION SERVICES	03/22/2012	04/19/2012	$11,630
128	TCC08HQD0065-120004	ROSE, DONNA M	BANK EXAMINATION SERVICES	03/22/2012	04/27/2012	$10,480
129	TCC12HQB0013-0001	CORPORATE VISIONS INC	GRAPHIC DESIGN SERVICES	03/22/2012	03/23/2012	$8,556
130	TCC08HQD0037-120006	GDD CONSULTING	BANK EXAMINATION SERVICES	03/22/2012	04/19/2012	$8,285
131	TCC10HQD0028-120008	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	03/22/2012	04/19/2012	$6,629
132	TCC08HQD0038-120002	HEANEY, ROBERT G.	BANK EXAMINATION SERVICES	03/22/2012	04/19/2012	$6,333
133	TCC08HQD0043-120002	MARCIA KLEIN	BANK EXAMINATION SERVICES	03/23/2012	05/25/2012	$10,403
134	TCC08HQD0026-120006	PYLE, MARY	BANK EXAMINATION SERVICES	03/23/2012	05/17/2012	$9,556
135	TCC10HQD0031-120001	JAMES N FROST	BANK EXAMINATION SERVICES	03/23/2012	04/27/2012	$4,466
136	TCC08HQD0023-120006	MUELLER, GREGORY	BANK EXAMINATION SERVICES	03/23/2012	04/27/2012	$4,198
137	TCC11HQW0004-0001	FOX RELOCATION MANAGEMENT CORP	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/24/2012	09/30/2012	$50,000
138	TCC11HQW0002-0003	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/26/2012	09/30/2012	$50,000
139	TCC11HQW0003-0004	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/26/2012	09/30/2012	$50,000
140	TCC09HQD0026-120004	MARCUS, DARRYL	BANK EXAMINATION SERVICES	03/26/2012	05/17/2012	$11,489
141	TCC12HQP0119	C I M A COMPANIES INC, THE	INSURANCE AGENCIES AND BROKERAGES	03/27/2012	04/15/2013	$31,626
142	TCC12HQD0007-120003	CHOPEL, JOHN F	BANK EXAMINATION SERVICES	03/27/2012	06/14/2012	$10,247
143	TCC09HQD0010-120013	TATE, CLEMENT	BANK EXAMINATION SERVICES	03/27/2012	06/14/2012	$8,382
144	TCC09HQD0010-120012	TATE, CLEMENT	BANK EXAMINATION SERVICES	03/27/2012	05/24/2012	$7,538
145	TCC11HQD0004-120008	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	03/27/2012	05/24/2012	$7,354
146	TCC11HQW0003-0006	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	03/28/2012	03/31/2013	$18,126,310
147	NNG07DA22B-TCC12HQG0113	BLUE TECH INCORPORATED	COMPUTER SUPPORT SERVICES	03/28/2012	04/26/2012	$1,207,423
148	TCC08HQD0037-120007	GDD CONSULTING	BANK EXAMINATION SERVICES	03/29/2012	05/11/2012	$8,466
149	TCC10HQB0010-0003	ZAYAS HENDRICK MEDIAWORKS LLC	MOTION PICTURE AND VIDEO PRODUCTION	03/30/2012	04/20/2012	$4,460
150	GS23F9778H-TCC12HQG0092	TAKE CHARGE CONSULTANTS INCORPORATED	MANAGEMENT CONSULTING SERVICES	04/01/2012	04/30/2012	$16,989
151	TCC12HQC0002	HARBAUGH WASHINGTON CORPORATION	HOTELS AND MOTELS	04/02/2012	04/04/2012	$80,000
152	TCC08HQD0029-120006	STUKER, DUANE A	BANK EXAMINATION SERVICES	04/03/2012	04/26/2012	$14,775
153	TCC12HQD0016-120005	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	04/03/2012	06/22/2012	$14,566
154	TCC08HQD0053-120007	WILLE, DUANE H	BANK EXAMINATION SERVICES	04/03/2012	06/22/2012	$12,500
155	TCC08HQD0059-120008	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	04/04/2012	06/22/2012	$16,662
156	TCC08HQD0050-120007	MARASCO, MARTIN A	BANK EXAMINATION SERVICES	04/04/2012	06/22/2012	$10,815
157	TCC09HQD0019-120006	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	04/04/2012	05/10/2012	$10,738
158	TCC08HQD0009-120006	ROBERT BEALE DBA BEALE & ASSOC	BANK EXAMINATION SERVICES	04/05/2012	05/24/2012	$13,549
159	TCC09HQD0019-120007	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	04/05/2012	06/07/2012	$8,255
160	TCC08HQD0023-120007	MUELLER, GREGORY	BANK EXAMINATION SERVICES	04/05/2012	05/11/2012	$7,320
161	TCC12HQD0011-120002	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	04/10/2012	05/11/2012	$18,334

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
162	TCC09HQD0006-120002	MARASCIO, LOUIS	BANK EXAMINATION SERVICES	04/10/2012	05/11/2012	$15,726
163	TCC11HQW0004-0003	FOX RELOCATION MANAGEMENT CORP	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	04/10/2012	08/31/2012	$12,401
164	TCC11HQW0004-0002	FOX RELOCATION MANAGEMENT CORP	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	04/10/2012	08/31/2012	$6,655
165	TCC12HQD0005-120002	T CURTIS & COMPANY	OFFICES OF CERTIFIED PUBLIC ACCOUNTANTS	04/11/2012	09/30/2012	$149,533
166	TCC09HQD0049-120010	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	04/11/2012	09/30/2012	$100,000
167	TCC09HQD0048-120013	M. ARTHUR GENSLER, JR. & ASSOCIATES, INC.	ARCHITECTURAL SERVICES	04/11/2012	09/30/2012	$100,000
168	TCC08HQD0036-120004	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	04/11/2012	05/11/2012	$18,331
169	TCC12HQP0121	UNIVERSITY OF CHICAGO, THE	HOTELS AND MOTELS	04/11/2012	08/16/2012	$12,000
170	TCC12HQP0122	UNIVERSITY OF CHICAGO, THE	HOTELS AND MOTELS	04/11/2012	06/21/2012	$10,000
171	TCC10HQD0028-120009	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	04/11/2012	06/14/2012	$6,614
172	TCC12HQD0009-120002	HOWARD, WINFIELD	BANK EXAMINATION SERVICES	04/12/2012	06/22/2012	$16,391
173	TCC08HQD0032-120010	WHITE, SIDNEY	BANK EXAMINATION SERVICES	04/12/2012	06/22/2012	$15,655
174	TCC12HQD0013-120004	ALGIER, RONALD P	BANK EXAMINATION SERVICES	04/12/2012	06/22/2012	$12,900
175	TCC08HQD0021-120005	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	04/12/2012	06/22/2012	$9,359
176	TCC08HQD0040-120004	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	04/12/2012	06/22/2012	$5,895
177	TCC09HQD0050-120008	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	04/16/2012	06/30/2014	$166,942
178	TCC11HQD0003-120004	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	04/16/2012	06/14/2012	$8,738
179	TCC12HQD0016-120006	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	04/17/2012	05/17/2012	$14,116
180	TCC12HQD0019-120003	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	04/17/2012	06/21/2012	$12,970
181	TCC08HQD0059-120009	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	04/17/2012	05/17/2012	$11,530
182	TCC08HQD0053-120008	WILLE, DUANE H	BANK EXAMINATION SERVICES	04/17/2012	07/26/2012	$10,500
183	TCC08HQD0023-120008	MUELLER, GREGORY	BANK EXAMINATION SERVICES	04/17/2012	06/21/2012	$9,680
184	TCC10HQD0040-120008	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	04/17/2012	06/08/2012	$7,384
185	TCC08HQD0011-120006	COOK, VIVIAN	BANK EXAMINATION SERVICES	04/17/2012	06/08/2012	$5,784
186	TCC08HQD0065-120005	ROSE, DONNA M	BANK EXAMINATION SERVICES	04/18/2012	05/17/2012	$16,078
187	TCC11HQW0002-0004	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	04/19/2012	08/31/2012	$28,957
188	TCC08HQD0052-120006	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	04/19/2012	05/11/2012	$10,400
189	TCC11HQD0004-120009	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	04/19/2012	05/11/2012	$9,273
190	TCC11HQD0002-120007	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	04/23/2012	09/28/2012	$36,064
191	GS07F8854D-TCC12HQW0001	ADT SECURITY SERVICES, INC	ELECTRONIC SECURITY SERVICES	04/23/2012	05/01/2017	$0
192	TCC09HQD0049-120011	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	04/24/2012	11/30/2013	$252,499
193	TCC10HQD0071-120008	MEIER, ERNEST W	BANK EXAMINATION SERVICES	04/24/2012	06/14/2012	$10,069
194	TCC12HQD0006-120003	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	04/25/2012	06/01/2012	$14,785
195	TCC08HQD0011-120007	COOK, VIVIAN	BANK EXAMINATION SERVICES	04/25/2012	06/01/2012	$6,943
196	TCC08HQD0036-120005	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	04/26/2012	06/21/2012	$16,234
197	GS10F0376L-TCC12HQG0136	FEDERAL MANAGEMENT PARTNERS, INCORPORATED	HUMAN RESOURCES MANAGEMENT CONSULTING SERVICES	04/30/2012	09/30/2012	$68,053
198	TCC12HQP0132	BAKER, ROBERT J	ADVERTISING SERVICES	04/30/2012	05/31/2012	$4,665
199	TCC08HQD0040-120005	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	05/04/2012	05/24/2012	$5,889

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
200	TCC09HQD0050-120009	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	05/07/2012	06/30/2013	$98,764
201	TCC11HQD0002-120008	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	05/07/2012	11/02/2012	$51,610
202	TCC11HQD0002-120009	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	05/07/2012	09/28/2012	$39,917
203	TCC08HQD0026-120008	PYLE, MARY	BANK EXAMINATION SERVICES	05/07/2012	06/28/2012	$9,568
204	TCC08HQD0026-120007	PYLE, MARY	BANK EXAMINATION SERVICES	05/07/2012	06/14/2012	$9,380
205	TCC08HQD0021-120006	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	05/07/2012	05/24/2012	$5,100
206	TCC12HQD0011-120003	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	05/09/2012	06/28/2012	$14,778
207	TCC08HQD0059-120010	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	05/10/2012	07/27/2012	$13,245
208	TCC09HQD0030-120002	ROGERS JR, JAMES T	BANK EXAMINATION SERVICES	05/10/2012	06/14/2012	$11,298
209	TCC10HQD0028-120010	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	05/10/2012	07/27/2012	$11,270
210	TCC09HQD0019-120008	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	05/10/2012	08/30/2012	$10,763
211	TCC11HQD0001-120004	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	05/11/2012	03/08/2013	$61,826
212	TCC11HQD0001-120005	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	05/14/2012	09/28/2012	$27,478
213	TCC12HQD0006-120004	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	05/14/2012	08/10/2012	$21,150
214	TCC12HQD0019-120004	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	05/14/2012	08/10/2012	$18,949
215	TCC08HQD0032-120011	WHITE, SIDNEY	BANK EXAMINATION SERVICES	05/15/2012	05/31/2012	$3,559
216	TCC12HQD0011-120004	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	05/16/2012	06/22/2012	$15,235
217	TCC08HQD0055-120010	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	05/16/2012	06/07/2012	$7,543
218	GS35F4900H-TCC12HQG0140	FORRESTER RESEARCH INCORPORATED	COMPUTER SUPPORT SERVICES	05/17/2012	05/20/2013	$748,702
219	TCC08HQD0052-120007	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	05/17/2012	08/10/2012	$23,594
220	TCC08HQD0013-120004	DECOSTA FRED G	BANK EXAMINATION SERVICES	05/17/2012	06/22/2012	$17,995
221	TCC11HQD0004-120010	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	05/17/2012	06/22/2012	$16,874
222	TCC09HQD0017-120003	HOLY, MICHAEL J	BANK EXAMINATION SERVICES	05/17/2012	06/22/2012	$10,369
223	TCC12HQD0014-120002	ART STEELE CONSULTING	BANK EXAMINATION SERVICES	05/17/2012	06/22/2012	$7,000
224	TCC09HQD0050-120007	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	05/20/2012	09/30/2012	$100,000
225	TCC12HQP0138	TIME SQUARE WEST LLC	HOTELS AND MOTELS	05/21/2012	06/14/2012	$36,000
226	TCC12HQP0140	HYATT CORPORATION	HOTELS AND MOTELS	05/21/2012	06/21/2012	$17,500
227	TCC12HQP0149	BKM TOTAL OFFICE OF TEXAS, L.P.	FURNITURE MERCHANT WHOLESALERS	05/22/2012	07/31/2012	$3,350
228	TCC12HQW0001-0004	ADT SECURITY SERVICES, INC	OTHER COMMUNICATIONS EQUIPMENT MANUFACTURING	05/23/2012	04/30/2017	$20,103
229	TCC08HQD0065-120006	ROSE, DONNA M	BANK EXAMINATION SERVICES	05/24/2012	06/22/2012	$17,248
230	TCC11HQD0003-120005	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	05/24/2012	08/02/2012	$14,357
231	TCC08HQD0059-120011	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	05/24/2012	08/16/2012	$13,386
232	TCC08HQD0023-120009	MUELLER, GREGORY	BANK EXAMINATION SERVICES	05/24/2012	08/16/2012	$11,645
233	TCC08HQD0032-120012	WHITE, SIDNEY	BANK EXAMINATION SERVICES	05/30/2012	07/26/2012	$16,184
234	TCC08HQD0037-120008	GDD CONSULTING	BANK EXAMINATION SERVICES	05/30/2012	07/20/2012	$9,916
235	TCC09HQD0010-120014	TATE, CLEMENT	BANK EXAMINATION SERVICES	05/30/2012	07/20/2012	$9,293
236	TCC10HQB0010-0004	ZAYAS HENDRICK MEDIAWORKS LLC	MOTION PICTURE AND VIDEO PRODUCTION	05/30/2012	06/12/2012	$3,875
237	TCC12HQD0017-120001	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	05/31/2012	07/20/2012	$13,768
238	TCC12HQD0007-120004	CHOPEL, JOHN F	BANK EXAMINATION SERVICES	05/31/2012	06/28/2012	$11,180
239	TCC12HQD0006-120005	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	05/31/2012	07/12/2012	$10,614
240	TCC08HQD0049-120001	WESLEY RATCLIFF	BANK EXAMINATION SERVICES	05/31/2012	07/20/2012	$10,057
241	TCC12HQD0017-120002	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	06/01/2012	06/28/2012	$14,732
242	TCC12HQD0003-120004	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	06/01/2012	06/22/2012	$10,297

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
243	TCC12HQP0146	ALT HOTEL LLC	HOTELS AND MOTELS	06/04/2012	06/15/2012	$48,000
244	TCC12HQP0145	SAY OUT LOUD LLC	BOOK PUBLISHERS	06/04/2012	09/30/2012	$37,959
245	TCC12HQP0147	303 LEXINGTON AVENUE CO. LLC	HOTELS AND MOTELS	06/04/2012	06/30/2012	$17,000
246	GS02F0168R-TCC12HQG0161	TSRC, INC.	CARBON PAPER AND INKED RIBBON MANUFACTURING	06/05/2012	07/06/2012	$12,896
247	263030511-TCC12HQG0153	MA FEDERAL, INC.	ELECTRONIC COMPUTER MANUFACTURING	06/06/2012	06/30/2012	$335,593
248	TCC08HQD0023-120010	MUELLER, GREGORY	BANK EXAMINATION SERVICES	06/06/2012	07/20/2012	$6,480
249	TCC10HQD0008-120003	K & R INDUSTRIES, INC.	GIFT, NOVELTY, AND SOUVENIR STORES	06/07/2012	07/07/2012	$21,370
250	GS02FXA011-TCC12HQG0165	CARTRIDGE SAVERS	OFFICE SUPPLIES AND STATIONERY STORES	06/08/2012	07/09/2012	$24,750
251	TCC09HQD0034-120006	HISTORY ASSOCIATES INCORPORATED	INFORMATION SERVICES	06/11/2012	06/10/2013	$45,863
252	TCC11HQD0001-120006	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	06/11/2012	09/28/2012	$14,361
253	NNG07DA45B-TCC12HQG0166	THUNDERCAT TECHNOLOGY, LLC	COMPUTER SUPPORT SERVICES	06/12/2012	06/12/2012	$374,530
254	TCC08HQD0060-120006	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	06/12/2012	07/20/2012	$9,353
255	NNG07DA22B-TCC12HQG0167	BLUE TECH INCORPORATED	COMPUTER SUPPORT SERVICES	06/13/2012	07/28/2012	$4,005,266
256	TCC12HQD0002-120001	CONROY, RONALD	BANK EXAMINATION SERVICES	06/13/2012	07/20/2012	$7,428
257	TCC12HQD0011-120005	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	06/14/2012	07/26/2012	$16,480
258	TCC12HQD0013-120005	ALGIER, RONALD P	BANK EXAMINATION SERVICES	06/14/2012	07/26/2012	$15,484
259	TCC08HQD0052-120008	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	06/14/2012	08/31/2012	$15,000
260	TCC12HQD0019-120005	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	06/14/2012	08/31/2012	$12,493
261	TCC08HQD0011-120008	COOK, VIVIAN	BANK EXAMINATION SERVICES	06/14/2012	07/26/2012	$10,224
262	TCC08HQD0026-120009	PYLE, MARY	BANK EXAMINATION SERVICES	06/14/2012	09/07/2012	$9,340
263	TCC09HQD0033-120005	ELECTRONIC DATA SYSTEMS, LLC	COMPUTER SUPPORT SERVICES	06/15/2012	05/27/2014	$13,334,427
264	TCC09HQD0026-120005	MARCUS, DARRYL	BANK EXAMINATION SERVICES	06/15/2012	07/20/2012	$15,011
265	TCC08HQD0055-120011	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	06/15/2012	09/20/2012	$12,218
266	TCC08HQD0053-120009	WILLE, DUANE H	BANK EXAMINATION SERVICES	06/15/2012	09/20/2012	$10,492
267	TCC08HQD0059-120012	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	06/15/2012	08/31/2012	$9,198
268	TCC08HQD0045-120003	HUTCHISON, JEFFREY	BANK EXAMINATION SERVICES	06/15/2012	08/31/2012	$7,000
269	TCC09HQD0019-120009	RICHARD EDWARDS & ASSOCIATED	BANK EXAMINATION SERVICES	06/15/2012	09/20/2012	$6,982
270	TCC08HQD0059-120013	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	06/18/2012	09/20/2012	$12,508
271	TCC12HQD0010-120002	HFR ENTERPRISES, LTD.	BANK EXAMINATION SERVICES	06/18/2012	07/27/2012	$11,905
272	TCC09HQD0010-120015	TATE, CLEMENT	BANK EXAMINATION SERVICES	06/18/2012	06/28/2012	$9,545
273	TCC08HQD0045-120004	HUTCHISON, JEFFREY	BANK EXAMINATION SERVICES	06/18/2012	09/14/2012	$7,000
274	NNG07DA22B-TCC12HQG0171	BLUE TECH INCORPORATED	COMPUTER SUPPORT SERVICES	06/19/2012	06/24/2013	$512,850
275	TCC12HQD0016-120007	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	06/19/2012	07/20/2012	$11,490
276	TCC12HQD0019-120006	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	06/19/2012	09/14/2012	$10,384
277	TCC10HQD0040-120009	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	06/19/2012	08/15/2012	$5,031
278	TCC08HQD0013-120005	DECOSTA FRED G	BANK EXAMINATION SERVICES	06/22/2012	08/03/2012	$8,995
279	TCC09HQD0050-120010	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	06/25/2012	11/30/2014	$211,240
280	TCC11HQD0002-120010	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	06/25/2012	06/21/2013	$75,485
281	TCC12HQP0152	WXIII/OXFORD DTC REAL ESTATE, LLC	HOTELS AND MOTELS	06/25/2012	08/02/2012	$75,000
282	TCC08HQD0065-120007	ROSE, DONNA M	BANK EXAMINATION SERVICES	06/25/2012	07/26/2012	$19,069
283	TCC11HQW0002-0007	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	06/27/2012	03/31/2013	$516,764

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
284	TCC12HQD0011-120006	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	06/28/2012	07/20/2012	$13,495
285	TCC08HQD0036-120006	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	06/28/2012	08/17/2012	$9,444
286	TCC11HQW0002-0006	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	06/29/2012	02/28/2013	$123,264
287	TCC12HQD0011-120007	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	06/29/2012	08/23/2012	$13,865
288	TCC12HQD0016-120008	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	06/29/2012	08/23/2012	$12,607
289	TCC12HQD0007-120005	CHOPEL, JOHN F	BANK EXAMINATION SERVICES	06/29/2012	09/20/2012	$10,475
290	TCC08HQD0021-120007	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	06/29/2012	09/14/2012	$8,700
291	TCC08HQD0023-120011	MUELLER, GREGORY	BANK EXAMINATION SERVICES	06/29/2012	09/20/2012	$6,950
292	TCC08HQD0019-120007	KOELLING, LAVERNE K	BANK EXAMINATION SERVICES	06/29/2012	09/20/2012	$6,870
293	TCC12HQC0012	KAMAKURA CORPORATION DBA DELAWARE KAMAKURA	MANAGEMENT CONSULTING SERVICES	07/01/2012	06/30/2017	$1,585,000
294	GS35F5212H-TCC12HQG0145	SYBASE, INC	COMPUTER AND SOFTWARE STORES	07/01/2012	06/30/2013	$1,134,098
295	TCC11HQW0002-0005	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	07/05/2012	01/31/2013	$114,387
296	NNG07DA45B-TCC12HQG0181	THUNDERCAT TECHNOLOGY, LLC	COMPUTER SUPPORT SERVICES	07/06/2012	07/05/2015	$219,753
297	TCC11HQD0004-120011	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	07/09/2012	08/23/2012	$10,316
298	TCC11HQD0004-120012	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	07/09/2012	10/04/2012	$9,786
299	GS23F9778H-TCC12HQG0178	TAKE CHARGE CONSULTANTS INCORPORATED	MANAGEMENT CONSULTING SERVICES	07/09/2012	08/31/2012	$9,707
300	TCC08HQD0059-120014	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	07/09/2012	10/04/2012	$9,505
301	TCC08HQD0023-120012	MUELLER, GREGORY	BANK EXAMINATION SERVICES	07/09/2012	10/04/2012	$8,450
302	TCC08HQD0032-120013	WHITE, SIDNEY	BANK EXAMINATION SERVICES	07/09/2012	08/23/2012	$8,100
303	TCC11HQW0002-0008	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	07/10/2012	10/30/2012	$201,921
304	TCC12HQD0006-120006	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	07/10/2012	08/23/2012	$8,100
305	NNG07DA44B-TCC12HQG0186	THREE WIRE SYSTEMS	COMPUTER SUPPORT SERVICES	07/11/2012	07/16/2013	$497,625
306	TCC12HQC0018	PROCENTRIX, INC.	COMPUTER SUPPORT SERVICES	07/12/2012	07/12/2012	$938,263
307	TCC11HQW0002-0009	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	07/12/2012	05/31/2013	$135,200
308	TCC08HQD0047-120004	DAVID W HILLS	BANK EXAMINATION SERVICES	07/12/2012	08/10/2012	$9,934
309	TCC08HQD0032-120014	WHITE, SIDNEY	BANK EXAMINATION SERVICES	07/12/2012	08/10/2012	$8,000
310	GS29F0009S-TCC12HQG0190	MOVE SOLUTIONS-DALLAS, LTD.	OFFICE FURNITURE (EXCEPT WOOD) MANUFACTURING	07/18/2012	07/23/2012	$16,402
311	TCC11HQW0002-0010	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	07/19/2012	06/30/2013	$281,085
312	GS10F0521P-TCC12HQG0232	KLEIMANN COMMUNICATION GROUP INCORPORATED	BANK EXAMINATION SERVICES	07/20/2012	07/01/2013	$50,000
313	TCC10HQD0028-120011	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	07/24/2012	08/31/2012	$11,568
314	TCC11HQW0002-0011	MARK G. ANDERSON CONSULTANTS, INC.	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	07/25/2012	11/30/2012	$109,938
315	TCC09HQD0010-120016	TATE, CLEMENT	BANK EXAMINATION SERVICES	07/26/2012	09/28/2012	$15,693
316	TCC11HQD0003-120006	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	07/26/2012	09/28/2012	$11,459
317	GS29F0009S-TCC12HQG0191	MOVE SOLUTIONS-DALLAS, LTD.	OFFICE FURNITURE (EXCEPT WOOD) MANUFACTURING	07/27/2012	08/12/2012	$9,873
318	TCC12HQD0014-120003	ART STEELE CONSULTING	BANK EXAMINATION SERVICES	07/30/2012	08/23/2012	$9,000

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
319	TCC09HQD0033-120006	ELECTRONIC DATA SYSTEMS, LLC	COMPUTER SUPPORT SERVICES	07/31/2012	05/27/2014	$1,415,361
320	TCC12HQW0002-0001	FEDERAL WORKING GROUP, INC.	COMPUTER SUPPORT SERVICES	07/31/2012	09/30/2017	$404,307
321	TCC08HQD0065-120008	ROSE, DONNA M	BANK EXAMINATION SERVICES	07/31/2012	08/30/2012	$14,668
322	TCC09HQD0010-120017	TATE, CLEMENT	BANK EXAMINATION SERVICES	07/31/2012	08/30/2012	$13,344
323	TCC12HQC0019	AON CONSULTING, INC.	EDUCATIONAL SUPPORT SERVICES	08/01/2012	07/31/2017	$463,800
324	GS35F0604X-TCC12HQW0002	FEDERAL WORKING GROUP, INC.	DATA CENTER PROFESSIONAL SERVICES	08/01/2012	10/01/2017	$0
325	TCC09HQD0049-120013	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	08/03/2012	09/30/2012	$84,126
326	TCC12HQD0018-120001	VIRGINIA MARGARET HAGAN LLC	BANK EXAMINATION SERVICES	08/06/2012	09/07/2012	$12,070
327	TCC08HQD0017-120003	INTERNAL CONTROL CONSULTING INC	BANK EXAMINATION SERVICES	08/06/2012	08/31/2012	$9,007
328	GS35F0119Y-TCC12HQG0211	CARAHSOFT TECHNOLOGY CORPORATION	COMPUTER AND SOFTWARE STORES	08/08/2012	10/31/2012	$83,050
329	TCC10HQD0071-120009	MEIER, ERNEST W	BANK EXAMINATION SERVICES	08/08/2012	08/30/2012	$11,487
330	TCC08HQD0037-120009	GDD CONSULTING	BANK EXAMINATION SERVICES	08/08/2012	08/30/2012	$8,666
331	TCC10HQD0028-120012	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	08/08/2012	09/14/2012	$7,422
332	TCC08HQD0026-120010	PYLE, MARY	BANK EXAMINATION SERVICES	08/09/2012	09/20/2012	$8,726
333	GS02F0092T-TCC12HQG0217	ECONOMIC SYSTEMS, INC.	HUMAN RESOURCES CONSULTING SERVICES	08/13/2012	08/12/2013	$22,065
334	TCC08HQD0009-120007	ROBERT BEALE DBA BEALE & ASSOC	BANK EXAMINATION SERVICES	08/14/2012	09/14/2012	$11,541
335	TCC08HQD0017-120004	INTERNAL CONTROL CONSULTING INC	BANK EXAMINATION SERVICES	08/14/2012	10/04/2012	$8,697
336	TCC08HQD0060-120007	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	08/14/2012	09/07/2012	$7,700
337	TCC09HQD0010-120018	TATE, CLEMENT	BANK EXAMINATION SERVICES	08/14/2012	09/07/2012	$4,321
338	NNG07DA22B-TCC12HQG0219	BLUE TECH INCORPORATED	COMPUTER SUPPORT SERVICES	08/15/2012	10/01/2012	$142,207
339	TCC12HQP0162	ROGER REECE SEMINARS	PROFESSIONAL AND MANAGEMENT DEVELOPMENT TRAINING	08/15/2012	11/30/2012	$18,200
340	GS35F5519H-TCC12HQG0215	ONIX NETWORKING CORPORATION	COMPUTER AND SOFTWARE STORES	08/16/2012	12/14/2014	$879,870
341	TCC07HQD0051-120006	FEDERAL WORKING GROUP INCORPORATED	PROGRAM MANAGEMENT SUPPORT SERVICES	08/20/2012	08/19/2013	$203,830
342	TCC11HQD0001-120007	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	08/20/2012	11/23/2012	$12,471
343	TCC08HQD0032-120015	WHITE, SIDNEY	BANK EXAMINATION SERVICES	08/22/2012	10/12/2012	$22,794
344	TCC12HQD0011-120008	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	08/22/2012	10/11/2012	$16,281
345	TCC12HQD0019-120007	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	08/22/2012	10/11/2012	$12,847
346	TCC12HQD0016-120009	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	08/22/2012	09/20/2012	$9,747
347	TCC12HQD0006-120007	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	08/22/2012	09/20/2012	$9,561
348	TCC10HQD0028-120013	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	08/22/2012	10/11/2012	$9,544
349	TCC11HQW0003-0008	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	08/23/2012	12/31/2012	$16,240
350	TCC08HQD0043-120003	MARCIA KLEIN	BANK EXAMINATION SERVICES	08/24/2012	10/04/2012	$6,627
351	TCC08HQD0065-120009	ROSE, DONNA M	BANK EXAMINATION SERVICES	08/27/2012	09/20/2012	$15,911
352	TCC09HQD0008-120002	CARMICHAEL, BURWELL L	BANK EXAMINATION SERVICES	08/27/2012	10/12/2012	$13,497
353	TCC08HQD0011-120009	COOK, VIVIAN	BANK EXAMINATION SERVICES	08/27/2012	09/20/2012	$9,380
354	TCC12HQD0014-120005	ART STEELE CONSULTING	BANK EXAMINATION SERVICES	08/29/2012	09/28/2012	$11,700
355	NNG07DA45B-TCC12HQG0231	THUNDERCAT TECHNOLOGY, LLC	COMPUTER SUPPORT SERVICES	08/31/2012	09/30/2015	$204,484
356	TCC10HQD0008-120004	K & R INDUSTRIES, INC.	GIFT, NOVELTY, AND SOUVENIR STORES	09/06/2012	03/31/2013	$13,567
357	TCC11HQD0003-130001	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	09/06/2012	11/01/2012	$10,809
358	TCC08HQD0023-130001	MUELLER, GREGORY	BANK EXAMINATION SERVICES	09/06/2012	11/01/2012	$8,944
359	TCC12HQP0169	ACTIVEPDF, INC.	CUSTOM COMPUTER PROGRAMMING SERVICES	09/06/2012	09/28/2013	$7,285

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
360	TCC12HQD0010-120003	HFR ENTERPRISES, LTD.	BANK EXAMINATION SERVICES	09/07/2012	11/01/2012	$29,627
361	TCC12HQD0015-120001	M. A. EMERY CONSULTING	BANK EXAMINATION SERVICES	09/07/2012	09/28/2012	$13,578
362	TCC11HQD0002-120011	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	09/10/2012	01/25/2013	$30,250
363	TCC12HQD0016-130001	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	09/11/2012	10/26/2012	$19,961
364	TCC09HQD0049-120014	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	09/14/2012	03/31/2014	$244,813
365	TCC11HQW0003-0009	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	09/14/2012	12/31/2012	$3,717
366	TCC11HQD0001-120008	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	09/19/2012	11/30/2012	$15,462
367	TCC13HQP0018	OMNI HOTELS CORPORATION	HOTELS AND MOTELS	09/20/2012	03/06/2013	$16,000
368	GS22F8084H-TCC12HQG0255	GRA, INC.	INVESTIGATION SERVICES	09/20/2012	10/19/2012	$6,000
369	NNG07DA21B-TCC12HQG0258	SWORD AND SHIELD ENTERPRISE SECURITY INCORPORATED	CERTIFICATION AND ACCREDITATION SERVICES	09/24/2012	11/23/2012	$57,129
370	TCC12HQP0174	N-TIERACTIVE INCORPORATED	CUSTOM COMPUTER PROGRAMMING SERVICES	09/25/2012	09/24/2013	$51,000
371	NNG07DA22B-TCC12HQG0249	BLUE TECH INCORPORATED	COMPUTER SUPPORT SERVICES	09/27/2012	03/27/2013	$262,255
372	NNG07DA26B-TCC12HQG0262	FCN INCORPORATED	COMPUTER SUPPORT SERVICES	09/27/2012	11/26/2012	$151,984
373	GS35F0298W-TCC12HQG0254	TRIAD TECHNOLOGY PARTNERS, LLC	SOFTWARE PUBLISHERS	09/28/2012	09/27/2013	$304,880
374	TCC12HQB0010-0001	INROADS, INC.	INTERN SUPPORT SERVICES	09/28/2012	09/30/2012	$53,200
375	TCC12HQB0011-0001	HISPANIC ASSOCIATION OF COLLEGES AND UNIVERSITIES	OFFICE ADMINISTRATIVE SERVICES	09/28/2012	09/30/2012	$10,500
376	NNG07DA45B-TCC12HQG0250	THUNDERCAT TECHNOLOGY, LLC	COMPUTER SUPPORT SERVICES	09/30/2012	09/29/2015	$4,378,000
377	TCC12HQC0020	DATAQUICK INFORMATION SYSTEMS, INC.	DATA PROCESSING, HOSTING, AND RELATED SERVICES	09/30/2012	09/30/2013	$1,725,000
378	GS35F0592R-TCC12HQG0248	RIGHTSTAR SYSTEMS INCORPORATED	COMPUTER SUPPORT SERVICES	09/30/2012	09/30/2013	$981,811
379	NNG07DA44B-TCC12HQG0259	THREE WIRE SYSTEMS	COMPUTER SUPPORT SERVICES	09/30/2012	09/29/2013	$499,661
380	GS35F0511T-TCC12HQG0252	EC AMERICA, INC.	COMPUTER TRAINING	09/30/2012	09/29/2013	$278,216
381	TCC12HQD0005-120003	T CURTIS & COMPANY	OFFICES OF CERTIFIED PUBLIC ACCOUNTANTS	09/30/2012	03/30/2013	$79,854
382	GS02F0352D-TCC12HQG0236	CCH INCORPORATED	PUBLISHING SERVICES	09/30/2012	09/29/2013	$14,174
383	GS23F9734H-TCC13HQG0006	BROOKFIELD RELOCATION INC	OFFICES OF REAL ESTATE AGENTS AND BROKERS	10/01/2012	09/30/2013	$80,000,000
384	GS33F0022P-TCC13HQG0001	CW GOVERNMENT TRAVEL INCORPORATED	TRAVEL AGENCIES	10/01/2012	09/30/2013	$4,000,000
385	TCC13HQC0004	MVS, INC.	SOFTWARE PUBLISHERS	10/01/2012	09/30/2013	$2,612,871
386	TCC13HQC0002	PROMETRIC INC.	EDUCATIONAL SUPPORT SERVICES	10/01/2012	09/30/2017	$1,322,120
387	TCC12HQW0001-0051	TYCO INTEGRATED SECURITY LLC	ELECTRONIC SECURITY SUPPORT SERVICES	10/01/2012	09/30/2013	$819,143
388	NNG07DA26B-TCC13HQG0010	FCN INCORPORATED	COMPUTER SUPPORT SERVICES	10/01/2012	10/01/2013	$777,693
389	NNG07DA43B-TCC13HQG0015	FEDSTORE CORPORATION	COMPUTER SUPPORT SERVICES	10/01/2012	09/30/2013	$543,476
390	GS10F0377L-TCC13HQG0003	ALPHA AND OMEGA ENTERPRISES INCORPORATED	DIRECT MAIL ADVERTISING	10/01/2012	03/31/2013	$392,260
391	TCC12HQD0005-130001	T CURTIS & COMPANY	OFFICES OF CERTIFIED PUBLIC ACCOUNTANTS	10/01/2012	07/19/2013	$273,697
392	NNG07DA26B-TCC13HQG0023	FCN INCORPORATED	COMPUTER SUPPORT SERVICES	10/01/2012	09/30/2013	$247,586
393	TCC13HQD0001-130001	APPIAN CORPORATION	SOFTWARE PUBLISHERS	10/01/2012	09/30/2013	$246,834
394	GS35F4984H-TCC13HQG0020	INTERNATIONAL BUSINESS MACHINE	COMPUTER AND SOFTWARE STORES	10/01/2012	09/30/2013	$235,850
395	TCC11HQD0005-130001	ACF CONSULTANTS LTD	PROFESSIONAL AND MANAGEMENT DEVELOPMENT TRAINING	10/01/2012	09/30/2013	$144,000

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
396	TCC13HQP0002	LASALLE HOTEL PROPERTIES	HOTELS AND MOTELS	10/01/2012	10/18/2012	$120,000
397	GS35F5021H-TCC13HQG0019	DYNAMIX CORPORATION	CUSTOM COMPUTER PROGRAMMING SERVICES	10/01/2012	09/30/2013	$87,952
398	GS35F0445K-TCC13HQG0021	CUSTOM HARDWARE ENGINEERING &	COMPUTER SUPPORT SERVICES	10/01/2012	09/30/2013	$58,442
399	TCC11HQD0007-130001	INTUITION PUBLISHING INC	PROFESSIONAL AND MANAGEMENT DEVELOPMENT TRAINING	10/01/2012	09/30/2013	$57,600
400	TCC12HQD0017-130002	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$24,174
401	TCC08HQD0052-130002	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$23,700
402	TCC09HQD0010-130001	TATE, CLEMENT	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$19,552
403	TCC11HQD0004-130001	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$18,729
404	TCC08HQD0013-130001	DECOSTA FRED G	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$16,795
405	TCC12HQD0007-130001	CHOPEL, JOHN F	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$16,250
406	TCC10HQD0071-130001	MEIER, ERNEST W	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$16,204
407	TCC09HQD0010-130002	TATE, CLEMENT	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$15,597
408	TCC10HQD0040-130001	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$14,995
409	TCC08HQD0055-130002	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$14,795
410	TCC12HQD0013-130001	ALGIER, RONALD P	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$14,375
411	TCC08HQD0060-130001	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$13,800
412	TCC12HQD0006-130001	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$13,554
413	TCC08HQD0011-130001	COOK, VIVIAN	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$13,102
414	TCC08HQD0059-130002	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$13,000
415	TCC12HQD0016-130002	HEITZ BRUCE A ATTORNEY AT LAW	BANK EXAMINATION SERVICES	10/01/2012	12/12/2012	$12,927
416	TCC08HQD0052-130001	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$12,650
417	TCC12HQD0019-130001	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	10/01/2012	12/12/2012	$12,586
418	TCC08HQD0036-130001	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$12,364
419	TCC12HQD0011-130001	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	10/01/2012	11/08/2012	$11,664
420	TCC08HQD0053-130001	WILLE, DUANE H	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$11,575
421	TCC10HQD0071-130003	MEIER, ERNEST W	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$11,024
422	TCC12HQD0014-130001	ART STEELE CONSULTING	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$11,000
423	TCC08HQD0059-130001	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$10,937
424	TCC08HQD0026-130001	PYLE, MARY	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$10,877
425	TCC10HQD0071-130002	MEIER, ERNEST W	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$10,787
426	TCC08HQD0065-130001	ROSE, DONNA M	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$10,782
427	TCC12HQD0003-130001	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	10/01/2012	10/19/2012	$10,185
428	TCC12HQD0019-130002	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	10/01/2012	10/25/2012	$9,656
429	TCC12HQD0019-130003	FINANCIAL INSTITUTION ADVISORY GROUP, INC.	BANK EXAMINATION SERVICES	10/01/2012	11/08/2012	$9,280
430	TCC08HQD0009-130001	ROBERT BEALE DBA BEALE & ASSOC	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$9,011
431	TCC08HQD0055-130003	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$8,894
432	TCC08HQD0033-130001	EDWARD WOJTOWICZ	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$8,858
433	TCC08HQD0052-130003	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	11/08/2012	$7,920
434	TCC08HQD0037-130001	GDD CONSULTING	BANK EXAMINATION SERVICES	10/01/2012	10/19/2012	$7,878
435	TCC08HQD0050-130001	MARASCO, MARTIN A	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$7,871
436	TCC08HQD0045-130001	HUTCHISON, JEFFREY	BANK EXAMINATION SERVICES	10/01/2012	10/12/2012	$7,700
437	TCC08HQD0032-130001	WHITE, SIDNEY	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$7,550
438	TCC08HQD0053-130002	WILLE, DUANE H	BANK EXAMINATION SERVICES	10/01/2012	11/08/2012	$7,535

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
439	TCC08HQD0019-130002	KOELLING, LAVERNE K	BANK EXAMINATION SERVICES	10/01/2012	11/16/2012	$7,183
440	TCC08HQD0062-130001	BANKWORLD, INC.	BANK EXAMINATION SERVICES	10/01/2012	10/26/2012	$7,072
441	TCC08HQD0019-130001	KOELLING, LAVERNE K	BANK EXAMINATION SERVICES	10/01/2012	10/18/2012	$7,039
442	TCC08HQD0023-130003	MUELLER, GREGORY	BANK EXAMINATION SERVICES	10/01/2012	12/13/2012	$7,038
443	TCC10HQD0028-130001	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$6,462
444	TCC08HQD0021-130001	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	10/01/2012	12/07/2012	$6,400
445	TCC13HQP0013	THERM FLO INC.	PLUMBING, HEATING, AND AIR-CONDITIONING CONTRACTORS	10/01/2012	09/30/2013	$6,172
446	TCC08HQD0040-130002	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$6,080
447	TCC12HQD0017-130001	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	10/01/2012	10/12/2012	$6,065
448	TCC08HQD0040-130001	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	10/01/2012	10/12/2012	$6,008
449	TCC08HQD0021-130002	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	10/01/2012	11/08/2012	$5,400
450	TCC08HQD0055-130001	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	10/01/2012	10/04/2012	$3,924
451	TCC08HQD0023-130002	MUELLER, GREGORY	BANK EXAMINATION SERVICES	10/01/2012	10/12/2012	$3,530
452	TCC08HQD0043-130001	MARCIA KLEIN	BANK EXAMINATION SERVICES	10/01/2012	11/01/2012	$3,461
453	TCC10HQD0052-130001	E GROUP, INC., THE	GIFT, NOVELTY, AND SOUVENIR STORES	10/01/2012	09/30/2013	$3,000
454	GS14F0036K-TCC13HQB0002	STAPLES NATIONAL ADVANTAGE	OFFICE SUPPLIES AND STATIONERY STORES	10/01/2012	09/30/2017	$0
455	TCC13HQD0001	APPIAN CORPORATION	PASS ANNUAL MAINTENANCE	10/01/2012	09/30/2013	$0
456	TCC09HQD0049-130001	SKIDMORE, OWINGS & MERRILL LLP	ARCHITECTURAL SERVICES	10/02/2012	12/31/2013	$198,491
457	TCC12HQC0011	COURTLAND HOTEL, L.L.C.	HOTELS AND MOTELS	10/02/2012	10/05/2012	$150,000
458	TCC10HQD0071-130004	MEIER, ERNEST W	BANK EXAMINATION SERVICES	10/03/2012	12/06/2012	$11,316
459	TCC08HQD0059-130003	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	10/03/2012	12/06/2012	$9,527
460	TCC12HQD0003-130002	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	10/04/2012	11/01/2012	$11,158
461	TCC11HQW0004-0004	FOX RELOCATION MANAGEMENT CORP	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	10/05/2012	03/31/2013	$842,532
462	TCC12HQD0017-130003	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	10/10/2012	11/16/2012	$13,633
463	TCC10HQD0028-130002	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	10/10/2012	11/29/2012	$9,686
464	TCC08HQD0037-130002	GDD CONSULTING	BANK EXAMINATION SERVICES	10/10/2012	11/16/2012	$8,460
465	TCC08HQD0013-130002	DECOSTA FRED G	BANK EXAMINATION SERVICES	10/11/2012	11/16/2012	$22,900
466	TCC08HQD0009-130002	ROBERT BEALE DBA BEALE & ASSOC	BANK EXAMINATION SERVICES	10/11/2012	11/16/2012	$12,457
467	TCC09HQD0017-130001	HOLY, MICHAEL J	BANK EXAMINATION SERVICES	10/11/2012	11/09/2012	$11,179
468	TCC09HQD0030-130001	ROGERS JR, JAMES T	BANK EXAMINATION SERVICES	10/11/2012	11/08/2012	$9,648
469	TCC13HQP0023	ADOLPHUS HOTEL, THE	HOTELS AND MOTELS	10/11/2012	11/08/2012	$5,500
470	TCC10HQD0040-130002	BLAKE, PATRICK B	BANK EXAMINATION SERVICES	10/16/2012	11/21/2012	$6,148
471	GS35F0295U-TCC13HQG0054	SPECIAL OPERATIONS SOFTWARE INC	COMPUTER AND OFFICE MACHINE REPAIR AND MAINTENANCE	10/16/2012	11/28/2013	$5,287
472	GS06F1227Z-TCC13HQG0022	PHACIL, INC.	COMPUTER SYSTEMS DESIGN SERVICES	10/17/2012	10/16/2013	$9,977,731
473	TCC11HQW0003-0010	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	10/17/2012	03/31/2013	$282,021
474	TCC13HQP0027	CHOICECOMM, LLC	ELECTRONIC COMPUTER MANUFACTURING	10/17/2012	11/09/2012	$24,640
475	TCC09HQD0026-130001	MARCUS, DARRYL	BANK EXAMINATION SERVICES	10/17/2012	11/21/2012	$12,419
476	TCC08HQD0062-130002	BANKWORLD, INC.	BANK EXAMINATION SERVICES	10/17/2012	12/19/2012	$12,229
477	TCC08HQD0025-130001	J. PARDI RONALD	BANK EXAMINATION SERVICES	10/17/2012	12/07/2012	$9,525
478	TCC08HQD0050-130002	MARASCO, MARTIN A	BANK EXAMINATION SERVICES	10/17/2012	12/21/2012	$9,213
479	TCC12HQD0018-130001	VIRGINIA MARGARET HAGAN LLC	BANK EXAMINATION SERVICES	10/17/2012	12/07/2012	$8,995

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
480	TCC10HQD0028-130003	GRAHAM, THOMAS A	BANK EXAMINATION SERVICES	10/17/2012	12/21/2012	$8,580
481	TCC11HQD0003-130002	DRH FINANCIAL SERVICES, LLC	BANK EXAMINATION SERVICES	10/17/2012	12/13/2012	$7,155
482	TCC11HQW0003-0011	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	10/18/2012	02/28/2013	$280,987
483	TCC09HQD0010-130003	TATE, CLEMENT	BANK EXAMINATION SERVICES	10/18/2012	11/30/2012	$10,114
484	TCC12HQD0003-130003	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	10/18/2012	11/16/2012	$9,798
485	GS35F0259J-TCC13HQG0033	SOURCE DIVERSIFIED INC	COMPUTER AND SOFTWARE STORES	10/18/2012	09/30/2013	$7,036
486	TCC08HQD0052-130004	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	10/19/2012	11/30/2012	$18,389
487	TCC12HQD0006-130002	MCDOUGALL, ROBERT	BANK EXAMINATION SERVICES	10/19/2012	11/30/2012	$15,262
488	TCC08HQD0055-130004	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	10/19/2012	12/07/2012	$9,912
489	TCC08HQD0037-130003	GDD CONSULTING	BANK EXAMINATION SERVICES	10/19/2012	12/07/2012	$9,329
490	TCC12HQB0005-0003	NETWORK MEDIA PARTNERS, INC.	PERIODICAL PUBLISHERS	10/24/2012	07/24/2013	$5,200
491	TCC09HQD0010-130004	TATE, CLEMENT	BANK EXAMINATION SERVICES	10/25/2012	12/07/2012	$5,193
492	TCC10HQD0031-130001	JAMES N FROST	BANK EXAMINATION SERVICES	10/25/2012	12/07/2012	$4,482
493	TCC08HQD0023-130004	MUELLER, GREGORY	BANK EXAMINATION SERVICES	10/26/2012	11/16/2012	$3,310
494	TCC08HQD0032-130002	WHITE, SIDNEY	BANK EXAMINATION SERVICES	10/31/2012	12/06/2012	$17,266
495	TCC08HQD0036-130002	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	10/31/2012	12/06/2012	$12,171
496	TCC11HQD0004-130002	BUSINESS DEVELOPMENT ASSOCIATES, LLC	BANK EXAMINATION SERVICES	10/31/2012	12/06/2012	$10,425
497	TCC08HQD0029-130001	STUKER, DUANE A	BANK EXAMINATION SERVICES	10/31/2012	11/30/2012	$9,435
498	TCC13HQC0008	PERFORMANCE ASSESSMENT NETWORK, INC.	EDUCATIONAL SUPPORT SERVICES	11/01/2012	10/31/2013	$2,085,975
499	NNG07DA45B-TCC13HQG0036	THUNDERCAT TECHNOLOGY, LLC	COMPUTER SUPPORT SERVICES	11/05/2012	12/07/2012	$533,400
500	TCC11HQD0002-130001	1ST CHOICE STAFFING AGENCY	TEMPORARY HELP SERVICES	11/05/2012	11/01/2013	$52,416
501	TCC12HQW0001-0052	TYCO INTEGRATED SECURITY LLC	ELECTRONIC SECURITY SERVICES	11/05/2012	01/15/2013	$36,210
502	TCC08HQD0011-130002	COOK, VIVIAN	BANK EXAMINATION SERVICES	11/06/2012	11/30/2012	$8,453
503	TCC12HQD0018-130002	VIRGINIA MARGARET HAGAN LLC	BANK EXAMINATION SERVICES	11/06/2012	11/16/2012	$3,333
504	TCC09HQD0050-130001	HELLMUTH, OBATA & KASSABAUM, INC (WASH DC CORP)	ARCHITECTURAL SERVICES	11/07/2012	12/31/2013	$102,044
505	TCC10HQD0008-130001	K & R INDUSTRIES, INC.	GIFT, NOVELTY, AND SOUVENIR STORES	11/07/2012	11/26/2012	$19,053
506	TCC12HQD0017-130004	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	11/08/2012	12/06/2012	$20,189
507	TCC08HQD0043-130002	MARCIA KLEIN	BANK EXAMINATION SERVICES	11/13/2012	12/07/2012	$9,328
508	TCC12HQD0010-130001	HFR ENTERPRISES, LTD.	BANK EXAMINATION SERVICES	11/13/2012	12/06/2012	$4,947
509	TCC08HQD0065-130002	ROSE, DONNA M	BANK EXAMINATION SERVICES	11/15/2012	12/14/2012	$11,911
510	TCC12HQD0013-130002	ALGIER, RONALD P	BANK EXAMINATION SERVICES	11/15/2012	12/14/2012	$8,720
511	TCC08HQD0036-130003	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	11/16/2012	12/14/2012	$6,491
512	TCC11HQD0001-130001	ASPEN OF D.C., INC.	TEMPORARY HELP SERVICES	11/19/2012	01/04/2013	$10,214
513	TCC08HQD0013-130003	DECOSTA FRED G	BANK EXAMINATION SERVICES	11/21/2012	12/13/2012	$8,495
514	TCC08HQD0011-130003	COOK, VIVIAN	HUMAN RESOURCES SUPPORT SERVICES	11/21/2012	12/06/2012	$2,892
515	TCC12HQD0011-130002	DRESCHER, C RANDY JR	BANK EXAMINATION SERVICES	11/27/2012	12/06/2012	$5,482
516	TCC12HQP0178	MICHAEL QUINLAN INC	OFFICE ADMINISTRATIVE SERVICES	11/27/2012	11/30/2012	$3,339
517	GS02F0148N-TCC13HQB0009	LIFESPAN SERVICES, INC	VOCATIONAL REHABILITATION SERVICES	11/29/2012	11/28/2017	$0
518	GS02F0002R-TCC13HQB0010	PLANNING, INC.	INVESTIGATION SERVICES	11/29/2012	11/28/2017	$0
519	GS25F0030P-TCC13HQG0044	FIRST FEDERAL CORPORATION	BUSINESS SUPPORT SERVICES	12/10/2012	09/30/2013	$615,211
520	GS10F0357M-TCC13HQG0043	AMERICAN PRODUCTIVITY QUALITY	GENERAL MANAGEMENT CONSULTING SERVICES	12/10/2012	02/22/2013	$25,519
521	TCC09HQD0010-130005	TATE, CLEMENT	BANK EXAMINATION SERVICES	12/10/2012	01/04/2013	$8,548
522	TCC13HQP0066	LYME COMPUTER SYSTEMS, INC.	SOFTWARE PUBLISHERS	12/10/2012	09/18/2013	$6,500

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
523	TCC12HQB0011-0002	HISPANIC ASSOCIATION OF COLLEGES AND UNIVERSITIES	OFFICE ADMINISTRATIVE SERVICES	12/10/2012	01/31/2017	$3,605
524	TCC12HQD0017-130005	RANDALL,JAMES JR	BANK EXAMINATION SERVICES	12/11/2012	01/04/2013	$12,614
525	TCC13HQD0039	GARY STOLEY	BANK EXAMINATION SERVICES	12/11/2012	12/31/2017	$0
526	TCC13HQD0040	VELEZ, GRACIANO	BANK EXAMINATION SERVICES	12/11/2012	12/31/2017	$0
527	TCC13HQD0041	ROBINSON, HENRY	BANK EXAMINATION SERVICES	12/11/2012	12/31/2017	$0
528	TCC13HQP0048	HOLTZE MAGNOLIA, LLP	HOTELS AND MOTELS	12/12/2012	02/08/2013	$12,000
529	TCC13HQD0042	ROBERTSON, LINDA L.	BANK EXAMINATION SERVICES	12/12/2012	12/31/2017	$0
530	TCC13HQD0048	AURORA MANAGEMENT GROUP INC	BANK EXAMINATION SERVICES	12/12/2012	12/31/2017	$0
531	TCC13HQD0044	FIRMA, LLC	BANK EXAMINATION SERVICES	12/12/2012	12/31/2017	$0
532	TCC13HQD0046	RISK LAYERING CONSULTANTS, LLC	BANK EXAMINATION SERVICES	12/12/2012	12/31/2017	$0
533	TCC13HQD0053	HUTCHISON, JEFFREY	BANK EXAMINATION SERVICES	12/13/2012	12/31/2017	$0
534	TCC13HQD0010	WILLIAM STERLING GLOVER	BANK EXAMINATION SERVICES	12/13/2012	12/31/2017	$0
535	TCC13HQD0051	JETTER, TIMOTHY TURNER	BANK EXAMINATION SERVICES	12/13/2012	12/31/2017	$0
536	TCC13HQD0054	HEANEY, ROBERT G.	BANK EXAMINATION SERVICES	12/14/2012	12/31/2017	$500,000
537	GS35F0511T-TCC13HQG0045	EC AMERICA, INC.	COMPUTER TRAINING	12/14/2012	12/01/2013	$18,438
538	NNG07DA20B-TCC13HQG0058	IMMIXTECHNOLOGY, INC.	COMPUTER SUPPORT SERVICES	12/14/2012	12/15/2013	$17,136
539	GS35F0742R-TCC13HQG0055	ADVANCED MILITARY TECHNOLOGY INCORPORATED	COMPUTER AND SOFTWARE STORES	12/14/2012	01/31/2013	$12,406
540	TCC13HQP0050	SOUTHWEST CAPITOL ASSOC., LLC	HOTELS AND MOTELS	12/14/2012	03/07/2013	$8,600
541	TCC13HQD0055	CARLTON, MICHAEL	BANK EXAMINATION SERVICES	12/17/2012	12/31/2017	$0
542	TCC13HQP0052	HST LESSEE DENVER LLC	HOTELS AND MOTELS	12/18/2012	01/31/2013	$9,000
543	TCC13HQP0053	CHOICECOMM, LLC	COMMUNICATIONS EQUIPMENT MANUFACTURING	12/20/2012	01/19/2013	$24,640
544	TCC12HQD0010-130002	HFR ENTERPRISES, LTD.	BANK EXAMINATION SERVICES	12/20/2012	01/11/2013	$4,355
545	TCC12HQD0003-130004	KIM MALONE CONSULTING	BANK EXAMINATION SERVICES	12/21/2012	01/25/2013	$18,083
546	NNG07DA46B-TCC13HQG0068	ALVAREZ & ASSOCIATES, LLC	COMPUTER SUPPORT SERVICES	12/21/2012	12/31/2013	$3,970
547	TCC09HQD0026-130002	MARCUS, DARRYL	BANK EXAMINATION SERVICES	12/26/2012	01/17/2013	$14,981
548	TCC11HQW0003-0012	JMC BUSINESS SYSTEMS INC	COMPREHENSIVE FURNITURE MANAGEMENT SERVICES	12/27/2012	11/30/2013	$100,361
549	TCC13HQD0009-130001	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	12/27/2012	01/24/2013	$12,645
550	TCC13HQD0025-130001	MUELLER, GREGORY	BANK EXAMINATION SERVICES	12/27/2012	01/24/2013	$10,440
551	TCC13HQD0012-130001	DECOSTA, FRED G	BANK EXAMINATION SERVICES	12/27/2012	01/11/2013	$8,495
552	TCC13HQP0057	RADLAX GATEWAY HOTEL, LLC	HOTELS AND MOTELS	12/28/2012	01/10/2013	$900
553	TCC13HQD0003	GUGGEMOS, JOHN P	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
554	TCC13HQD0004	BANKWORLD, INC.	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
555	TCC13HQD0008	DAVID W HILLS	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
556	TCC13HQD0009	WEATHERMAN, DAVID W	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
557	TCC13HQD0012	DECOSTA, FRED G	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
558	TCC13HQD0015	STUKER, DUANE A	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
559	TCC13HQD0017	STEVEN H SHIMOTSU CPA	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
560	TCC13HQD0018	WHITE, SIDNEY	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
561	TCC13HQD0023	ROBERT W STEVENSON, FINANCIAL CONSULTANT	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
562	TCC13HQD0025	MUELLER, GREGORY	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
563	TCC13HQD0028	PYLE, MARY	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
564	TCC13HQD0029	HARVEY FINANCIAL MGT CO LLC	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
565	TCC13HQD0030	MARCIA KLEIN	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
566	TCC13HQD0049	MONK, KIMBERLY	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0

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#	Contract Number	Contractor Name	Description	Start date	End date	Total Contract Award
567	TCC13HQD0005	JAMES D NELSON	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
568	TCC13HQD0013	ROSE, DONNA M	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
569	TCC13HQD0019	EDWARD WOJTOWICZ	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
570	TCC13HQD0020	ROBERT BEALE DBA BEALE & ASSOC	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
571	TCC13HQD0022	HIBDON, DAVID C	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
572	TCC13HQD0026	MEIER AND ASSOCIATES	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
573	TCC13HQD0027	MCCONNELL FARMS LTD	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
574	TCC13HQD0031	MARASCO, MARTIN A	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
575	TCC13HQD0032	KOELLING, LAVERNE K	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
576	TCC13HQD0033	KLINZING & ASSOCIATES	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
577	TCC13HQD0037	CALLAWAY PARTNERS, LLC	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
578	TCC13HQD0047	ENTERPRISE RISK MANAGEMENT, INC.	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
579	TCC13HQD0007	DANIEL P BRAIL	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
580	TCC13HQD0014	WILLE, DUANE H	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
581	TCC13HQD0016	COOK, VIVIAN	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
582	TCC13HQD0024	GDD CONSULTING	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
583	TCC13HQD0034	KENNETH ZOLLERS	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
584	TCC13HQD0036	HORIZON INDUSTRIES, LIMITED	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
585	TCC13HQD0038	DEE CONSULTING GROUP, LLC	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
586	TCC13HQD0050	CRMA INC	BANK EXAMINATION SERVICES	01/01/2013	12/31/2017	$0
587	TCC13HQC0009	HAUTE ON THE HILL BY RIDGEWELL'S, INC.	CATERING SERVICES	01/07/2013	01/06/2014	$6,657,087
588	TCC12HQD0005-130002	T CURTIS & COMPANY	INTERNAL CONTROLS SUPPORT SERVICES	01/07/2013	04/19/2013	$88,000
589	TCC13HQD0028-130001	PYLE, MARY	BANK EXAMINATION SERVICES	01/07/2013	01/25/2013	$15,127
590	TCC09HQD0030-130002	ROGERS JR, JAMES T	BANK EXAMINATION SERVICES	01/07/2013	01/25/2013	$15,070
591	TCC13HQD0053-130001	HUTCHISON, JEFFREY	BANK EXAMINATION SERVICES	01/07/2013	01/18/2013	$9,850
592	TCC13HQD0032-130001	KOELLING, LAVERNE K	BANK EXAMINATION SERVICES	01/07/2013	01/10/2013	$4,286

TOTAL: $ 199,600,224

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM RICHARD M. ASHTON

Q.1. In response to a question regarding current standards for determining the independence of consultants hired by financial institutions, Mr. Stipano of the OCC stated that the OCC had not "reached the point of putting pen to paper" to outline its policies for a consultant's independence.

Has the Federal Reserve also considered developing written policies for independence of consultants retained in compliance with enforcement actions?

If so, have you considered the procedure to develop those requirements, including the factors to be considered, the parties to be consulted, and the timeline for rules, and will this policy be available for review by financial firms, consulting firms, Members of Congress, and the public? If not, why not?

A.1. As the Board's recent testimony before the Senate Banking Committee's Subcommittee on Financial Institutions and Consumer Protection stated, our consistent practice has been to oversee the selection and performance of consultants that are required to be retained by a Federal Reserve-regulated institution to carry out specific functions on behalf of the institution under an enforcement action. This oversight includes approving the selection of a particular consultant, which requires a review of the consultant's prior work for the institution to assess potential conflicts of interest, and a determination that the consultant will have appropriate qualifications and separation from the institution's management. We also monitor the consultant's performance during the course of the engagement through ongoing communications and meetings as appropriate. Throughout the course of our oversight, we apply the same supervisory expectations as if the institution were performing the work directly. As stated in the Board's testimony, these standards for overseeing consultants' conduct of a specific engagement are applied on a case-by-case basis, so that a consultant's performance can be measured in light of the specific kind of function that the consultant must carry out.

Financial institutions supervised by the Federal Reserve are only infrequently required in an enforcement action to retain consultants to carry out specific functions on behalf of the institution. In the vast majority of cases, the financial institution itself, using its own personnel and resources, takes the necessary corrective and remedial measures under the enforcement action. The Federal Reserve is evaluating the use of consultants in enforcement matters and is considering the appropriate role for consultants and whether the current oversight standards should be incorporated into written public guidelines.

Q.2. In your testimony you provided a list of supervisory actions that can be taken by the Federal Reserve to monitor independent consultants. In light of the issues found during what the OCC termed the "expanded oversight" of consultants' work during the Independent Foreclosure Review and reports of consultants' poor performance during reviews resulting from poor Bank Secrecy Act anti-money laundering compliance, does the Federal Reserve see

any need for changes or increased consistency in its oversight of the work of independent consultants?

A.2. In those enforcement actions that require retention of a consultant, the Federal Reserve applies the same standards as if the regulated institution was performing the function directly and has the authority to require the regulated institution to replace the consultant and can take appropriate formal enforcement action against the consultant and the regulated institution as appropriate.

The role of the consultants in the Independent Foreclosure Review (IFR) of individual borrower files required under the recent enforcement actions against the major residential mortgage servicers was significantly different than in the typical enforcement action undertaken by the Federal Reserve. We are now implementing all of the recommendations of a recent report of by the Government Accountability Office (GAO) on the oversight of consultants during the IFR in our continuing oversight of the remaining institutions that are still conducting a foreclosure review. We will also consider the GAO recommendations in overseeing future enforcement actions.

Q.3. While the OCC and the Federal Reserve sought to increase transparency in the use of independent consultants in the case of the Independent Foreclosure Review by publishing engagement letters between servicers and their consultants, in many cases redactions removed information that could shed light on the consultants' independence and the quality of reviews. For instance, in Bank of America's engagement letter with Promontory Financial Group, Promontory's more than two and a half page conflicts of interest policy (Attachment C) is fully redacted. Why was this policy fully removed when it was put in place to ensure transparency and quality reviews, and how would the effect of disclosing such a policy negatively impact the supervisory and enforcement process?

A.3. Information regarding conflicts of interest policies was not redacted from engagement letters between the servicers we regulate and the consultants retained by those servicers to conduct the IFR when these letters were publicly disclosed by the Federal Reserve on its Web site at *www.federalreserve.gov/consumerinfo/independent-foreclosurereview.htm*. The published letters describe the methodology the consultants had to follow in reviewing borrower files to identify financial injury, the protocols the consultant had to follow to maintain sufficient independence from the servicer in carrying out the IFR, and other details concerning the IFR. Small portions of each letter were redacted in the published version only when necessary to protect, for example, proprietary financial information of the parties, such as the identity of proprietary data management systems or specific fee schedules charged by the consultants, and information that could compromise personal privacy, such as the names of the specific individuals who were involved in the foreclosure review at the servicer and at the consultant. Because mortgage servicing activities by the Bank of America Corporation are conducted by its national bank subsidiary, the engagement letter related to the IFR at the Bank of America was approved and disclosed by the Office of the Comptroller of the Currency, not the Federal Reserve.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM RICHARD M. ASHTON

Q.1. Please provide copies of all contracts, in unredacted form, that were executed between the banks subject to the consent orders and the consultants they hired, which were reviewed and approved by the Board of Governors of the Federal Reserve (Federal Reserve) in connection with the Independent Foreclosure Review (IFR) process.

A.1. The Federal Reserve published the engagement letters between the servicers we regulate and the consultants retained by those servicers to conduct the Independent Foreclosure Review (IFR) on its Web site at *www.federalreserve.gov/consumerinfo/independentforeclosure-review.htm.* The published letters describe the methodology the consultants had to follow in reviewing borrower files to identify financial injury, the protocols the consultant had to follow to maintain sufficient independence from the servicer in carrying out the IFR, and other details concerning the IFR. Small portions of each letter were redacted in the published version only when necessary to protect, for example, proprietary financial information of the parties, such as the identity of proprietary data management systems or specific fee schedules charged by the consultants, and information that could compromise personal privacy, such as the names of the specific individuals who were involved in the foreclosure review at the servicer and at the consultant.

Q.2. Please explain in detail why the Federal Reserve decided not to engage consultants directly to conduct the foreclosure review process. Please identify by name the offices, departments, and employees that participated in this decision. If there are statutes in place which prevent direct engagement; please provide the relevant citations. In addition, please provide legislative suggestions that will give the Federal Reserve more flexibility to directly engage in the future.

A.2. As explained in the Board's recent testimony before the Senate Banking Committee's Subcommittee on Financial Institutions and Consumer Protection, in the vast majority of Federal Reserve enforcement actions, the organization itself, using its own personnel and resources, is directed to take the necessary corrective and remedial action. In appropriate circumstances, the Federal Reserve has found that it can be an effective enforcement tool to require regulated organizations to retain a consultant to perform specific tasks on behalf of that organization that the organization should perform itself, but has shown it cannot do. Where consultants are used, they work on behalf of the regulated organization. Consequently, their expenses are appropriately borne by the regulated organization, and not by the taxpayers.

The decision to require the banking organizations to retain a consultant to conduct the IFR was based our prior experience in formal enforcement actions. In a small percentage of these actions, a consultant retained by the institution involved was directed to make discrete factual determinations on behalf of the institution, such as deciding whether a Bank Secrecy Act filing was made with respect to a particular transaction. This technique had proven to be effective, and we believed at the time of the execution of the mortgage servicing orders that the same approach would be workable

with regard to the examination of individual borrower files under the IFR. The consent orders requiring the retention of consultants to conduct the IFR were approved by senior staff in the legal and bank supervisions areas under regulations delegating such approval authority to the staff. Prior to exercising this authority, Board staff consulted members of the Board.

The Federal Reserve has authority to retain its own independent contractors such as consultants, and has no suggestions for legislative initiatives in this area at this time.

Q.3. Please provide copies of all opinions or memoranda (legal or otherwise) that were considered by the Federal Reserve that examined alternatives to the foreclosure review process eventually adopted, including alternatives that considered the agency engaging consultants directly to perform the foreclosure review.

A.3. Please see answer to Question #2.

Q.4. In testimony provided at the Subcommittee on Financial Institutions and Consumer Protection on Thursday, April 11, 2013, Deputy Chief Counsel Daniel Stipano, acknowledged that the OCC had sought and received advice on the advisability of the OCC directly hiring consultants to engage in the foreclosure review process. Did the Federal Reserve also seek and receive such advice? If so, please explain whether the advice obtained considered applicable Federal procurement statutes, regulations, and guidance. In addition, please explain in detail the analysis and reasoning behind this advice and what form it took. To the extent such advice was in writing, please provide these documents.

A.4. The Federal Reserve decided not to directly retain consultants for the reasons discussed in the answer to Question #2 above.

Q.5. Please provide a list of all competitive procurement contracts entered into during calendar year 2012 involving the Federal Reserve.

A.5. I have been advised that the Board entered into about 500 contracts during 2012 using competitive acquisition methods. Information on whether any particular contract was awarded competitively can be provided on request.

Q.6. The GAO report published this March on the IFR process recommended a series of best practices at the remaining three financial institutions who haven't yet settled. Have you instituted all of these guidelines (improved sampling, improved communication with homeowners, more transparency, *etc.*) with OneWest, Everbank, and Allied? Why or why not?

A.6. The Government Accountability Office's (GAO) April 13, 2013 report, "Foreclosure Review: Lessons Learned Could Enhance Continuing Reviews and Activities under Amended Consent Orders" (13–550T), recommends three actions for the Federal Reserve and the Office of the Comptroller of the Currency (OCC) to take as a result of the GAO's review of the IFR. The Federal Reserve has taken significant steps to implement each of the recommended actions.

The GAO's first recommendation is for the agencies to improve oversight of sampling methodologies and mechanisms to centrally monitor consistency, such as assessment of the implications of in-

consistencies on remediation results for borrowers in the remaining foreclosure reviews. On July 26, 2013, the Federal Reserve amended its consent order against the one firm supervised by the Federal Reserve that was continuing to conduct an IFR, GMAC Mortgage, to incorporate an agreement to provide payments to borrowers in lieu of the IFR. This amendment is similar to those announced in early 2012 with respect to the other servicers that are participating in the payment agreement. Thus, concerns relating to consistency in the further conduct of the IFR are no longer an issue with respect to Federal Reserve-regulated servicers.

The GAO's second recommendation is that the agencies identify and apply lessons learned from the foreclosure review process, such as enhancing planning and monitoring activities to achieve goals, in particular as the agencies develop and implement the activities under the amendments to the consent orders. The amended consent orders substituted an agreement to make payments to all in-scope borrowers and terminated the IFR at those institutions that accepted the amendments. The Federal Reserve, in coordination with the OCC, significantly expanded its planning and monitoring efforts during the course of the IFR and continues to devote resources to planning and monitoring the implementation of the remaining requirements of the amendments to the consent orders. Similarly, the Federal Reserve has devoted resources to advanced planning with respect to public reporting on the IFR, and on implementation of the remaining amendments to the consent orders.

The GAO's third recommendation is focused on the development of a communication strategy to regularly inform borrowers and the public about the processes, status, and results of the activities under the amendments to the consent orders and continuing foreclosure reviews. The Federal Reserve and the OCC are implementing a communications strategy to ensure that borrowers are aware of the amendments to the consent orders. These actions include sending an initial notification to the approximately 4.2 million borrowers covered by the amended consent orders that payments were going to be sent; a Webinar directed at community groups and other interested members of the public to explain the process for distributing checks; and a letter to borrowers to accompany the payments that explains relevant facts about the payments. In addition, the OCC and the Federal Reserve sent a letter to borrowers who submitted a request for review form and whose servicers at that time were completing the IFR advising them that their servicer is not a party to the amendments to the consent orders and that the review the borrower requested continues and remains in process.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR MENENDEZ FROM RICHARD M. ASHTON

Q.1. I led the efforts in the Senate to request that the Government Accountability Office assess the independence, transparency, accountability, and consistency of the independent foreclosure review process. One of the concerns I've had since the beginning of the IFR process is whether the Federal Reserve and OCC were sufficiently contacting those in our underserved communities. I know

there were several marketing efforts made throughout the process to improve outreach, but from my understanding, there were certainly deficiencies in these efforts. With the payouts announced this week, it appears that in some cases many of the borrowers who requested a review will receive almost twice the payout as those who did not request a review.

With the issues surrounding the IFR's outreach efforts, does this mean those in our underserved communities, who were not contacted or made aware of the independent review, get will get less money? Why are we giving more to those who were contacted and less to those who were not contacted, when we know there were major hurdles to finding affected borrowers?

A.1. The Office of the Comptroller of the Currency (OCC) and the Federal Reserve took extensive steps to help ensure that all borrowers covered by the Independent Foreclosure Review (IFR) were contacted as part of that process and provided an opportunity to request a review of their foreclosure. To address concerns expressed by Members of Congress and recommendations made by the Government Accountability Office (GAO), the agencies developed a variety of outreach tools to broaden the reach of efforts to contact borrowers to advise them of the process for seeking a foreclosure review. These tools included targeted television and radio and print media advertising, using trusted representatives to assist in reaching borrowers who were likely to have been missed by other outreach efforts, use of agency public service announcements, Webinar with consumer groups, and additional direct mail solicitations in multiple languages.

The agreement with most of the servicers conducting the IFR that required payments to all borrowers covered by the IFR in lieu of continuing the review of individual borrower files did not condition payments on whether or not a borrower was contacted as part of the IFR process. The amounts paid to individual borrowers under this payment agreement were determined by the OCC and Federal Reserve after consultation with various consumer advocacy groups. Under the approved schedule of payments, in most cases, borrowers who requested a review of their foreclosure by an independent consultant under the IFR received a somewhat larger amount than borrowers in the same category who did not submit a request for review. The regulators believed that those individuals who affirmatively claimed that they were injured by servicer errors should receive some preference in allocation of the payment agreement funds.

Our review of data comparing the locations where mailings to in-scope borrowers were sent, the locations from which requests for review have been received, and 2010 Census Data indicates that the percentage of borrowers in low- and moderate-income zip codes and in zip codes where racial minorities comprised the majority of the population who submitted requests for review was generally not lower than the percentage of in-scope borrowers submitting review requests in all locations nationwide.

Q.2. The agreement reached by the OCC and Federal Reserve with the 13 mortgage servicers provides roughly $5.7 billion in foreclosure prevention assistance (or soft money) and $3.6 billion in

cash payments, which will certainly help the millions of borrowers. Because of the deficiencies and issues that we read about in the GAO study, I'd like to get a better understanding of how these dollar amounts (both soft dollars and cash payout) were determined, because it seems as though we still do not have a solid understanding of the level of harm to borrowers. In fact, the new agreement that replaced the foreclosure review with a compensation framework does not rely on determinations of whether borrowers suffered financial harm. So can you explicitly explain how these amounts were determined?

A.2. With the OCC taking the lead, the regulators accepted the payment agreement with the 13 mortgage servicers because that approach would provide payments to more borrowers in a shorter time than would have occurred if the IFR had continued at those servicers, where most injured borrowers likely would not see compensation for some time to come. As you note, the amounts paid to individual borrowers under the payment agreement are not based on a finding of financial harm to any specific borrower. Instead, all borrowers covered by the IFR were categorized according to the stage of their foreclosure process and the type of possible servicer error. Regulators then determined amounts for each category using the financial remediation matrix published by the OCC and Federal Reserve in June 2012 as a guide, incorporating input from various consumer groups. Regulators have published the payment amounts and number of borrowers in each category on their Web sites at *www.occ.gov/independentforeclosurereview* and *www.federalreserve.gov/consumerinfo/independent-foreclosure-review-paymentagreement.htm.*

The payment amounts for several of the categories, including the category for borrowers eligible for protection under the Servicemember Civil Relief Act (SCRA), were derived from the amounts paid to borrowers under recently negotiated settlements involving similar kinds of claims. In deciding to accept the payment agreement, we looked to see whether the total amount available to fund cash payments would be large enough to provide borrowers in the highest payment categories, such as SCRA borrowers, with significant payouts while allowing those borrowers in the lower categories to receive payments in amounts commensurate with those specified in the financial remediation matrix. We were also aware that the National Mortgage Settlement (NMS), which recently had been entered into between the five largest servicers and the Department of Justice (DOJ) and the State attorneys general, required $25 billion in cash payments and other relief to borrowers that would be in addition to the over $9 billion in payments and assistance that would be provided by the servicers that participated in the payment agreement. Importantly, the Federal Reserve and the OCC ensured that each borrower receiving a payment or other assistance under the payment agreement retained the right to pursue full remediation through other means. This ensured that borrowers who could demonstrate greater harm than addressed by the regulators' remediation efforts could obtain a court review of those claims and full remediation to address unique facts and injuries.

Q.3. The agreement reached by the OCC and Federal Reserve with the 13 mortgage servicers provides $5.7 billion in foreclosure prevention assistance (or soft dollars), which will certainly help the millions of affected borrowers. However, my understanding is that if one of these servicers does a loan modification or principle reduction for $10,000, and the home is worth $250,000, the servicer will be credited $250,000 in foreclosure prevention assistance or consumer relief under the settlement, instead of just $10,000 for the loan modification or principle reduction. Are we giving the mortgage servicers credit for financial assistance that they didn't necessarily provide? Do you plan to continue this practice moving forward? Can you explain the policy behind crediting these servicer dollar-for-dollar for consumer relief?

A.3. In addition to direct cash payments totaling $3.6 billion to in-scope borrowers, the payment agreement with the 13 mortgage servicers included a commitment by the servicers to provide a total of $5.7 billion of foreclosure prevention relief within the next two years. This portion of the agreement was modeled on the NMS with the DOJ and the State attorneys general. A servicer can receive credit toward meeting this commitment by, among other things, providing the kinds of foreclosure prevention measures that are eligible to receive credit under similar commitments made by the servicers that entered into the NMS. These measures include first and second lien loan modifications and short sales/deeds in lieu of foreclosure. There are a variety of ways in which the economic value of these kinds of foreclosure prevention assistance to a particular borrower can be estimated, and the payment agreement provides crediting for these types of activities based on the unpaid principal balance of the affected loan. For example, where a servicer provides a borrower with a sustainable loan modification that makes the full remaining loan balance affordable for the borrower and thus more likely to be repaid, so that the borrower is able to remain in the residence indefinitely, the remaining loan balance can be viewed as a quantification of the value of that modification to the borrower. Servicers may also receive credit toward their foreclosure assistance commitment by providing other types of loss mitigation or other foreclosure prevention actions, subject to regulatory non-objection, such as interest rate modifications, deficiency waivers, and provision of cash payments or other resources to borrower counseling or education.

Q.4. Many of the borrowers who were part of the IFR still live in their homes, but I'm concerned about their ability to stay in their homes as part of the IFR Payout and consumer relief. For example, I believe actions such as principal reductions and loan modifications will help keep these people in their homes, but short sales would remove these borrowers from their homes. What steps have you taken, and will you take, to ensure that the soft dollars are used to keep people in their homes? What procedures and/or mechanisms are in place to discourage the servicers from providing relief through short sales?

A.4. The amended consent orders that implement the payment agreement with regard to the servicers participating in the agreement set forth several guiding principles the servicers are to follow

in conducting their foreclosure prevention activities obligations under the payment agreement. Specifically, servicers' foreclosure prevention actions should give preference to activities designed to keep the borrower in the home; should emphasize affordable, sustainable, and meaningful home preservation actions; should otherwise provide significant and meaningful relief or assistance to qualified borrowers; and should not disfavor particular geographies or low- and moderate-income borrowers, or discriminate against any protected class. Federal Reserve examiners will monitor the foreclosure mitigation activities of those participating servicers we regulate in light of these principles and we will strongly encourage the servicers to focus on the kinds ofassistance that facilitate borrowers retaining their homes.

Loan modifications are an important tool for keeping borrowers in their homes, but are not the best solution for all troubled borrowers. Some borrowers are so behind on their payments relative to their ability to repay the loan that exiting the mortgage altogether is their best option. Other borrowers may want to sell their homes in order to move to another city where job prospects are better. For these borrowers, a short sale is a better way to exit the mortgage than a foreclosure. Short sales can be advantageous to borrowers because the lender typically forgives the difference between the mortgage balance and the short sale proceeds. Short sales also impose fewer costs on communities than foreclosures.

Q.5. The GAO reports on the IFR cite little stakeholder consultation within the IFR process. While some access to Treasury HAMP officials was cited as being helpful in providing information on loss mitigation and loan modification, why wasn't there a greater focus on using housing counseling agencies that have much more experience working through the difficult and time consuming process of foreclosure modifications than most big consulting firms?

A.5. The Federal Reserve, working with the OCC, has made extensive efforts to obtain input on many occasions from national consumer and housing counseling groups on a number of important issues relating to the IFR and the payment agreement, especially after the issuance of the GAO report on the IFR in June of last year. Particularly, in expanding our outreach efforts to alert inscope borrowers of the opportunity to request a review of their foreclosure by independent consultants pursuant to the IFR, we held several meetings with consumer groups. We then incorporated their feedback on the accessibility of outreach materials into advertisements and subsequent mailings to borrowers to improve the accessibility and readability of the materials. The Federal Reserve and the OCC also conducted outreach sessions targeted at housing counseling agencies, including two Webinars and other outreach events with local groups at the regional Federal Reserve Banks. These sessions provided them with information on the IFR process and trained them in assisting borrowers in completing the request for review form. In connection with entering into with the payment agreement with the servicers in lieu of conducting the IFR, we sought input from consumer representatives before accepting the agreement. We also met with community groups to solicit the groups' views on how best to communicate information about the

agreement and the payments to eligible borrowers they serve. Moreover, the amounts paid to individual borrowers under this payment agreement were determined by the OCC and Federal Reserve after consultation with various consumer advocacy groups.

Q.6. One of the main purposes of the IFR process was to have data to enable the OCC and Federal Reserve Board to tell whether a bank had a particular kind of file or type of mistake that it was repeating, so the consultants could dig deeper into their other files. Since the OCC and Federal Reserve abandoned the review, to what extent will they be able to further examine whether certain banks committed systematic errors in their foreclosures based on either preliminary results or based on information that they gathered through regular bank examinations or other sources?

A.6. A primary focus of the enforcement actions issued by the Federal Reserve and the OCC in April 2011 always was and continues to be a requirement that the servicers, in addition to conducting the file reviews as part of the IFR, correct the deficiencies in their servicing and foreclosure processes that had been found during a joint onsite review of federally regulated mortgage servicers by the banking regulatory agencies in 2010. The action plans submitted by Federal Reserve-regulated servicers to correct these deficiencies have been approved and are being implemented by the servicers. As part of the ongoing oversight of the servicers we regulate, Federal Reserve examiners will review the corrective measures those servicers take to ensure the deficiencies do not recur. Thus, the change from the IFR process to the current payment agreement is not expected to affect the identification and correction of deficient foreclosure practices at these servicers.

Q.7. The Foreclosure Review Payment Agreement provides $125,000 to those most harmed by these foreclosure abuses, and at least $300 to those who may not have been harmed at all. Can you specifically explain how these payments will be administered and what steps will be taken by the OCC and FRB to ensure that borrowers receive the relief they need? Specifically, how are we administering these thousands, sometimes over a hundred thousand dollars, to these borrowers? What types of mechanisms are in place to ensure transparency and accountability?

A.7. The Federal Reserve, in coordination with the OCC, significantly expanded its planning and monitoring efforts during the course of the IFR and continues to devote resources to planning and monitoring the implementation of the remaining requirements of the payment agreement. The agencies have taken several steps to enhance their planning and monitoring with respect to the cash payments to borrowers and to ensure that borrowers are aware of the payment agreement. For example, the agencies have:

- Met with and sought feedback from community groups, housing counseling organizations, and other interested stakeholders, and incorporated that feedback into communications to borrowers about the payment agreement. Among the communication steps recommended by the groups and adopted by the agencies was a requirement that the paying agent, Rust Consulting, mail a postcard to the approximately 4.2 million

borrowers whose servicers are parties to the payment agreement, to alert borrowers that they would be receiving a payment. The agencies received valuable input that helped improve readability of the mailings to borrowers;

- Developed a letter to borrowers whose servicers are parties to the payment agreement to accompany their payment. This letter contains an explanation about why the borrower is receiving a payment, along with instructions for cashing the check, a statement that the borrower is not required to execute a waiver of any legal claims they may have against their servicer as a condition for receiving payment, and other important disclosures;
- Presented Webinars on March 13, and April 20, 2013, for community groups, housing counselors, and other interested members of the public to explain the provisions of the payment agreement orders; and
- Issued several press releases related to the payment agreement and made publicly available on our Web sites information about how cash payment amounts were determined, the numbers of borrowers falling into the various payment categories, and the schedule for mailing checks to borrowers whose servicers participated in the payment agreement.

The first wave of payments was issued to borrowers on April 12, 2013—and additional mailings have been sent on a regular schedule since that time. As of July 19, 2013, approximately 4.2 million checks have been sent to borrowers, worth over $3.5 billion. As of August 1, 2013, approximately 2.9 million of those checks, worth approximately $2.6 billion, have been cashed or deposited. The payment agreement is achieving our primary objective, which is to get money into the hands of more borrowers more quickly than would have occurred had the IFR continued.

In addition, the Federal Reserve has updated its Web site with the number and dollar value of checks to borrowers under the payment agreement that have been deposited or cashed. The Federal Reserve and the OCC have also committed to providing public reports that detail the implementation of the amendments to the consent orders. We anticipate the reports will include available details about the direct relief and other assistance provided to homeowners, as well as information about the number of requests for review, costs associated with the reviews, and the status of the other corrective activities directed by the enforcement actions. We are in the process of analyzing this information at this time and, as explained above, are taking steps to determine how this information may be best presented to the public.

Q.8. The National Mortgage Settlement and Independent Foreclosure Review addressed foreclosure abuses by many large mortgage servicers from 2009–2010. Now that we have two distinct avenues of relief for these borrowers, what mechanisms are in place to ensure there is no overlap in assisting these borrowers? Or of more concern to me, what steps are in place to ensure that no borrowers are left behind?

A.8. The IFR and the NMS are separate actions and provide different forms of remedies and relief. The IFR and the payment agreement that replaced it at 13 servicers were required by the Federal banking regulatory agencies under enforcement actions against the largest mortgage servicers and cover borrowers who were in foreclosure at some time during 2009 and 2010 at those servicers. The NMS, announced and filed in Federal district court in early 2012, requires five large mortgage servicers, all of which are subject to the banking agency enforcement actions, to address mortgage loan servicing and foreclosure abuses alleged by multiple Federal and State government agencies, by, among other things, making payments to borrowers and also providing specific types of foreclosure prevention and mitigation actions. Borrowers are not disqualified from the IFR or from receiving a payment or assistance under the payment agreement between the servicers and the Federal Reserve and OCC if they also receive payments or other relief as a result of the NMS, and payments under the IFR or the payment agreement will not be offset by payments the borrower has received under the Borrower Payment Fund of the NMS. Moreover, for servicers not currently part of the NMS, the foreclosure prevention actions required by the Federal Reserve and OCC are in addition to any consumer relief obligations required of those servicers under any settlement similar to the NMS that may be entered into by these servicers with the DOJ or Department of Housing and Urban Development.

The agencies' enforcement actions and NMS together cover borrowers who were in foreclosure during an extremely active period of the home mortgage crisis. While borrowers are continuing to face foreclosure after that period, corrective action to servicing and foreclosure procedures taken by major mortgage servicers under the regulators' enforcement actions and the national servicing standards implemented under the NMS should help to prevent injuries in the future caused by servicer errors to borrowers who subsequently enter the foreclosure process. Borrowers who are not covered by these formal government agreements, like those who are covered, are able to file complaints about the handling of their foreclosure under the consumer assistance procedures of the Federal Reserve and OCC and the customer complaint procedures of the servicer involved.

Q.9. In their April 2013 report, the Government Accountability Office states that the uniqueness of each servicer's population and their processes for keeping borrowers' information posed challenges. In fact, the OCC and Federal Reserve Board said it was not feasible to design one file review process that would apply to all servicers in the IFR, and the consultants would be required to tailor their review processes. How do you believe the leeway given the consultants to tailor their own reviews, without proper guidance, led to the abandonment of the IFR?

A.9. Ensuring that all borrowers covered by the IFR who suffered similar kinds of injury received the same treatment was a major objective of the Federal Reserve and OCC in overseeing the file review process. The Federal Reserve and OCC undertook numerous actions aimed at achieving this goal. Not only were the enforce-

ment action provisions that addressed the IFR requirement substantially identical for all covered servicers, but the Federal Reserve and OCC also issued extensive common guidance, including a joint framework for remediation of specific borrower injuries designed to promote consistent treatment of borrowers. In addition, Federal Reserve staff engaged in continuous offsite monitoring of the consultants, consisting of weekly calls and periodic in-person meetings. Federal Reserve examiners also engaged in regular onsite testing to review the consultants' work and each of the examiner teams engaged in regular calls, quarterly in person meetings, and other ad hoc communications as needed to ensure a consistent approach.

Ultimately, the very large number of borrowers involved and the time-consuming, expensive, and difficult nature of the review substantially delayed payments to borrowers. Therefore, as explained in the answer to question #2 above, the regulators accepted the payment agreement with the 13 mortgage servicers to provide payments to more borrowers in a shorter time than would have occurred if the IFR had continued at those servicers.

Q.10. From May 2011 to October 2012, the OCC and FRB issued 29 joint pieces of guidance to the consultants, and regulators had regular weekly meetings with the consultants to clarify guidance. When you continually clarified guidance to the consultants, what impact did that have on the loan files that had already been reviewed, prior to the new guidance? When changes were made to how files should be reviewed, is it logical to assume that those changes must be retroactively applied to the already reviewed files? Were these previously reviewed files reviewed again?

A.10. Given the unique and unprecedented nature of the IFR, it was not possible to contemplate, develop, and implement all of the guidance needed to conduct the IFR at the outset of the IFR, and many issues requiring guidance from the regulators surfaced only through the actual conduct of the reviews by the consultants. The Federal Reserve and OCC coordinated closely to ensure that the guidance we provided was consistent, including in how borrowers were treated across servicers.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM KONRAD ALT

Q.1. In your testimony you said that "in performing an independent review, we are working for the regulator." Yet, in his testimony, Richard Ashton stated that "consultants retained under Federal Reserve enforcement actions work for the organization that retained them." In light of these potentially conflicting statements, can you explain your relationship with financial institutions and regulators in average engagements beyond the Independent Foreclosure Review more fully?

A.1. Did not respond by publication deadline.

Q.2. While the OCC and the Federal Reserve sought to increase transparency in the use of independent consultants in the case of the Independent Foreclosure Review by publishing engagement letters between servicers and their consultants, in many cases

redactions removed information that could shed light on the consultants' independence and the quality of reviews. For instance, in your engagement letter with Bank of America, your more than two and a half page conflicts of interest policy (Attachment C) is fully redacted, and the policy does not appear to be readily available on your Web site. Do you feel that your conflicts of interest policy should be removed, or would you support its disclosure in public enforcement actions?

A.2. Did not respond by publication deadline.

Q.3. In your testimony you stated that you were "working for the regulator." Do you think that it would add additional transparency and simplify your working relationships if you were to enter into contracts directly with regulators, rather than with financial institutions?

A.3. Did not respond by publication deadline.

Q.4. Please explain your use of subcontractors and your service as a subcontractor for others. In what cases did you use subcontractors, and in what cases did you serve as a subcontractor for others?

At the time of your engagement you testified that you had qualified people who could do this work, how many people did you have on staff that had specific skills in understanding how to conduct an internal foreclosure project?

Can you confirm reports that work was offshored to employees in foreign countries, such as the Philippines? If so, which countries?

A.4. Did not respond by publication deadline.

Q.5. Given the results of the Magner/Jones decision, were you aware of the implications of the Magner/Jones decision, how did you account for the systemic errors at Wells Fargo, in your IFR review of Wells? Did you check for systemic errors at your other engagements BofA & PNC?

A.5. Did not respond by publication deadline.

Q.6. You frequently claimed that borrower harm calculations could be determined by evaluating 25 documents associated with a case file, experts propose that to accurately determine harm borrowers harm, 150–180 documents associated with a case file must be reviewed, please demonstrate your process compared to the following templates.

A.6. Did not respond by publication deadline.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM KONRAD ALT

Q.1. For the purposes of our oversight role, please tell us what you believe to be the biggest design error(s) made by the OCC and Federal Reserve with respect to the IFR? What should be the lesson(s) learned?

A.1. Did not respond by publication deadline.

Q.2. As we contemplate a reauthorization of the Bank Secrecy Act and anti-money laundering laws, what changes do you believe need

to be made in the law that will help make these laws less subject to violation?

A.2. Did not respond by publication deadline.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM JAMES F. FLANAGAN

Q.1.1. In your testimony you noted that you "worked closely with the OCC and the Fed throughout the IFR engagements" and that you "provided the regulators with weekly written and oral status updates."

Was the level of interaction between regulators and consultants typical for an engagement of this nature?

A.1.1. As I discussed in my testimony before the Subcommittee, the role of an independent consultant in an engagement pursuant to a consent order is highly dependent on the individual agency order. In our experience, we have not seen a one-size-fits all consent order or a typical independent consultant role. The scope and scale of the IFR engagements were unprecedented; in that context, it was important to communicate regularly with the regulators throughout the process and concerning all aspects of our work.

Q.1.2. What types of daily interactions do PricewaterhouseCoopers employees have with regulators and the financial institutions under examination? How do these interactions influence your independence as a consultant?

A.1.2. PwC worked closely with the regulators in a number of different ways during the IFR engagements. PwC engagement teams interacted most often with the Examiners-in-Charge ("EICs") for each of the engagements, including through weekly updates to the EICs about the status of the engagements and emerging developments. The EICs, in turn, provided updated guidance, conducted onsite visits, and assessed and provided comments on the review process. PwC also provided weekly written and oral status updates to the OCC and the Fed and met with more senior representatives of both agencies to discuss broader issues concerning the IFR process.

The servicers were responsible for building the files that were to be reviewed by the Independent Consultants during the IFR engagements. Accordingly, PwC regularly communicated with the servicers regarding the state of the loan files and made requests of the servicers for additional documents that were missing from files. In addition, PwC also communicated routinely with the servicers regarding the status and progress of the engagements. At no time, however, were there communications in which the servicers attempted to influence the way in which PwC performed its procedures or the observations made by PwC as a result of those procedures.

Neither our interactions with the regulators nor our communications with the servicers affected PwC's independence or objectivity. During the IFR engagements, we were asked to act—and in fact acted—as impartial and objective consultants. Applying rules and guidance provided by the regulators and the Independent Legal Counsel, we provided observations regarding whether servicer files

complied with applicable State and Federal laws. Neither the regulators nor the servicers sought to bias our review or to influence our observations. The regulators provided the framework with which we worked, and, as described above, we periodically discussed with the servicers the state of the loan file documentation and the status of our work. We see no way that either type of conversation could have impaired our objectivity in performing the IFR work.

Moreover, as I emphasized during my testimony before the Subcommittee, we view our objectivity and impartiality as the foundation of our brand and the premise that underlies all of our professional services. Our firm maintains extensive procedures, policies, processes, and controls in an effort to govern which engagements we can pursue and accept and to maintain our objectivity and impartiality during the course of engagements. We also adopted a number of specific procedures to maintain our objectivity and impartiality in the IFR engagements, which I outlined in my testimony.

Q.2. Do you think contracting directly with the regulatory agencies, instead of with the financial institutions, would enable you to perform the task at hand and avoid the potential for conflict of interests?

A.2. Regardless of whether we are engaged directly by the regulatory agency or by the financial institution, we believe that we can perform the services objectively, free of conflicts of interest, and consistent with professional standards. For example, as discussed above, we believe we performed the IFR engagements impartially and objectively and without any conflicts of interest. We maintain procedures, processes, policies, and controls that govern which engagements we can accept, and when we feel that we cannot meet the necessary standards of objectivity and impartiality, we decline the engagement. With regard to the IFR engagements specifically, the regulators' review and approval of the engagement letters should obviate any concern that the terms of engagement would have been any different had the engagement been by the regulators, instead of by the servicers. We believed at the outset and continue to believe today that we were able to and in fact did perform the IFR engagements without any bias and free of any inappropriate influence.

Q.3. Was your organization able to learn any valuable information about the mortgage servicing business as a result of your work on the IFR? Can you offer any observations about the flaws or shortcomings in the current mortgage servicing model, or recommendations for improvements?

A.3. As reflected in our engagement letters and the guidance provided by the regulators, the scope of PwC's IFR services was narrow: we were to apply procedures designed to identify servicer errors and which of those errors caused financial harm to a borrower. We were not engaged to, and did not endeavor to, assess broader questions concerning the mortgage servicing business. The regulators, who received not only our reports but those of the other Independent Consultants, are better suited to address the state of the mortgage servicing business and any need for change.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM JAMES F. FLANAGAN

Q.1. For the purposes of our oversight role, please tell us what you believe to be the biggest design error(s) made by the OCC and Federal Reserve with respect to the IFR? What should be the lesson(s) learned?

A.1. The IFR process served two purposes—to provide the regulators with sufficient data to make policy judgments about reforms to the servicing business and to compensate borrowers for injuries arising from servicer error. While those two missions, which are embedded in the January 2011 settlements between the regulators and the servicers, are complementary, the effort to identify all servicer errors, irrespective of whether they could have or did cause financial injury, delayed our efforts to provide observations regarding financially harmed borrowers. It is not apparent that the twin missions of the IFR process represent a design flaw, but they were the source of much of the public disappointment in the time it took to conduct the reviews. It appears with the benefit of hindsight that there was perhaps too little consideration given when the IFR process was conceived to the tension between the effort's competing goals.

Q.2. As we contemplate a reauthorization of the Bank Secrecy Act and anti-money laundering laws, what changes do you believe need to be made in the law that will help make these laws less subject to violation?

A.2. Issues involving the Bank Secrecy Act and anti-money laundering laws were not within the scope of the IFR engagements, and I am therefore not in a position to address this question.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM OWEN RYAN

Q.1.1. In your testimony you noted the importance of "open communication and an appropriate working relationship among the independent consultants, the regulators and the institutions being monitored."

Was the level of interaction between regulators and consultants typical for an engagement of this nature?

A.1.1. There was frequent, open, and continuous communication between Deloitte & Touche LLP ("Deloitte") and the regulators throughout the Independent Foreclosure Review ("IFR") engagement. There were weekly scheduled meetings and timely reporting to the regulators which served as an important mechanism for communicating our approach and progress. Since the IFR engagement was unique in our experience, it is difficult to assess whether this level of interaction was "typical" for an engagement of this nature.

Q.1.2. What types of interactions do Deloitte employees have with regulators and the employees of the institutions they are examining?

A.1.2. The types of interactions that Deloitte personnel have with regulators on independent consulting engagements generally include meetings, written communications and reporting on a timely

basis. When we are engaged in the capacity of an independent consultant, Deloitte personnel are typically working subject to the monitoring, oversight, and direction of the regulators. With respect to employees of the institution we are reviewing, Deloitte personnel meet with employees of the financial institution for various purposes such as gathering information, status updates, or to discuss the ramifications of particular regulator requests.

Q.1.3. How do these interactions influence your independence as a consultant?

A.1.3. Our independence as a consultant was not influenced in any way by the financial institution. In the IFR engagement, and as required in our engagement letter, Deloitte was subject to the monitoring, oversight, and direction of the regulators, and we were required to be objective at all times. Deloitte was expressly *not* subject to the direction, control, supervision, oversight, or influence by the financial institution. In addition, we have policies and procedures that are designed to ensure that each engagement is approached with due professional care, objectivity, and integrity, consistent with the American Institute of Certified Public Accountants consulting standards.

Q.2. In your testimony you stated that engagements require "regulatory approval of the independent consultant and the scope and methodology to be used." How would contracting directly with regulators, rather than with financial institutions, change the nature of the engagement?

A.2. Direct contracts between the independent consultants and the regulators may have an impact on the procedure for the selection and retention of independent consultants, in that the selection and retention may be subject to Federal procurement rules and requirements, including, for example, competitive bidding. Such a process may lengthen the time to retain an independent consultant and may complicate how the independent consultant is compensated. Such direct contracts might enhance the appearance of objectivity, although we strongly believe that we are able to and do discharge our responsibilities with appropriate objectivity regardless of the contractual arrangement. Direct contracts between independent consultants and the regulators would not necessarily be expected to affect the level and quality of the already robust communications between the consultants and the regulators, or the actual scope of the independent consultant's services.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM OWEN RYAN

Q.1. For the purposes of our oversight role, please tell us what you believe to be the biggest design error(s) made by the OCC and Federal Reserve with respect to the IFR? What should be the lesson(s) learned?

A.1. In response to this question, we refer to the GAO's March 2013 Report (the "Report") that made detailed findings and conclusions and stated that it revealed "three key lessons" that could help inform regulators' implementation of the amended consent orders: (1) designing project features during the initial stages of the proc-

ess to influence the efficiency of file reviews, (2) monitoring progress to better ensure the goal of achieving intended results, and (3) promoting transparency to enhance public confidence. We agree with these lessons and the recommendations of the Report.

Q.2. As we contemplate a reauthorization of the Bank Secrecy Act and anti-money laundering laws, what changes do you believe need to be made in the law that will help make these laws less subject to violation?

A.2. We have not formed a view as to what, if any, changes may need to be made to these laws. We are, however, open to consideration of any such changes to the law and welcome the opportunity to engage in dialogue with legislators and regulators in connection with any proposed legislation, and would be happy to provide any assistance that was needed as part of this process.